

# ***Government That Works!***

NEW JERSEY DEPARTMENT OF THE TREASURY

**LOCAL GOVERNMENT BUDGET REVIEW**

***TOMS RIVER REGIONAL SCHOOL DISTRICT***

**CHRISTINE TODD WHITMAN**  
*Governor*

**ROLAND M. MACHOLD**  
*State Treasurer*

**AUGUST, 2000**



## **GOVERNMENT THAT WORKS**

### **OPPORTUNITIES FOR CHANGE**

#### ***The Report of the Toms River Regional School District***

New Jerseyans deserve the best government their tax dollars can provide. Governor Whitman is committed to making state government leaner, smarter and more responsive by bringing a common sense approach to the way government does business. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. Prior to Governor Whitman's taking office in 1994, the state had never worked as closely with towns to examine what is behind those costs. That is why she created the Local Government Budget Review (LGBR) program. Its mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR utilizes an innovative approach combining the expertise of professionals primarily from the Departments of Treasury, Community Affairs and Education with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service at no local expense. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams will also document those state regulations and mandates which place burdens on local governments without value added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, Governor Whitman ordered the expansion of the program tripling its number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

## **THE REVIEW PROCESS**

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received the full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness on the part of most to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the district but do represent the cost of the school system's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective negotiation process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW  
EXECUTIVE SUMMARY  
TOMS RIVER REGIONAL SCHOOL DISTRICT**

**Instruction**

The team recommends that the district fund the additional \$3,000 to pay an additional instructor for the English for the Foreign Born classes.

**Business Office Operations**

The team recommends that the district consolidate its numerous scholarship funds into one account for a revenue enhancement of \$1,402. The district could save an additional \$29,300 by purchasing 20% of its annual order of office supplies from the State Distribution Center.

**Legal**

By contracting to pay for services of counsel, the district could save approximately \$2,754 in pension benefits, social security and Medicare.

**Health Insurance**

The district should consider changing to the state's health benefit plan for a savings of approximately \$1,081,000.

**Facilities & Operations**

The district should consider purchasing and implementing a work order system for an expense of approximately \$32,000. Following the implementation of the work order system, the district should consider examining a competitive contracting process for an additional savings of \$90,000.

**Food Services**

The district should consider installing vending machines for a revenue enhancement of \$47,785.

**Collective Bargaining Issues**

*Toms River Education Association*

The district could yield a potential savings of \$35,800, by eliminating the full release time clause for the president or his/her designee.

*Twelve Month Librarian Appointment*

The district should consider paying the summer librarian on the same basis as summer school teachers for a potential savings of \$3,720.

*Health Insurance*

The team recommends two options: The district could negotiate a 20% other-than-single co-pay for a potential savings of \$1,800,000; or the district could consider various other alternatives e.g., negotiating and using a managed care plan, changing health care providers, changing plan premium, etc., for potential savings of \$3,410,540 - \$3,710,900. The district should also consider negotiating a 50% premium co-pay for vision care and dental for a potential savings of \$636,650.

<b><u>Areas Involving Monetary Savings</u></b>	<b><u>One-time Savings/ Expense</u></b>	<b><u>Annual Savings/ Expense</u></b>	<b><u>*Potential Savings</u></b>	<b><u>Totals</u></b>
<b>Instruction</b>				
Pay additional instructor for the English for the Foreign Born classes		(\$3,000)		<b>(\$3,000)</b>
<b>Business Office Operations</b>				
Consolidate scholarship funds into one account	\$1,402			
Purchase 20% of office supplies at State Distribution Supply Center		\$29,300		<b>\$30,702</b>
<b>Legal Services</b>				
Contract on a fee-basis, eliminating benefit costs		\$2,754		<b>\$2,754</b>
<b>Insurance</b>				
Change to state health benefits plan		\$1,081,000		<b>\$1,081,000</b>
<b>Facilities &amp; Operations</b>				
Purchase work order processing system	(\$32,000)			
Competitively contract for maintenance, repairs, renovations, etc.		\$90,000		<b>\$58,000</b>
<b>Food Services</b>				
Install vending machines		\$47,785		<b>\$47,785</b>
<b>Collective Bargaining Issues</b>				
<i>Toms River Education Association</i>				
Eliminate full release clause for president or designee			\$35,800	
<i>Twelve Month Librarian Appointment</i>				

Pay summer librarian on same basis as summer school teachers	\$3,720
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*Health Insurance*

Alternative A:

Negotiate a 20% other than single co-pay	\$1,800,000
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Alternative B:

Managed care benchmark	\$1,500,000
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20% other than single coverage co-pay	\$869,000
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Change health care providers	\$322,740
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Negotiate changes in premium plan rate	\$215,000
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Earn interest on annual premium refund	\$20,800
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Increase deductible and out-of-pocket employee expenses	\$483,000
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Other Coverage:

50% premium co-pay for dental and vision care	\$636,650
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<b>Total Recommended Savings</b>	<b>(\$30,598)</b>	<b>\$1,247,839</b>	<b>\$2,476,170</b>	<b>\$1,217,241</b>
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\*\$2,476,170 not included in savings of \$1,217,241.

<b>Total Amount Raised for School Tax (FY97)</b>	<b>\$72,731,679</b>
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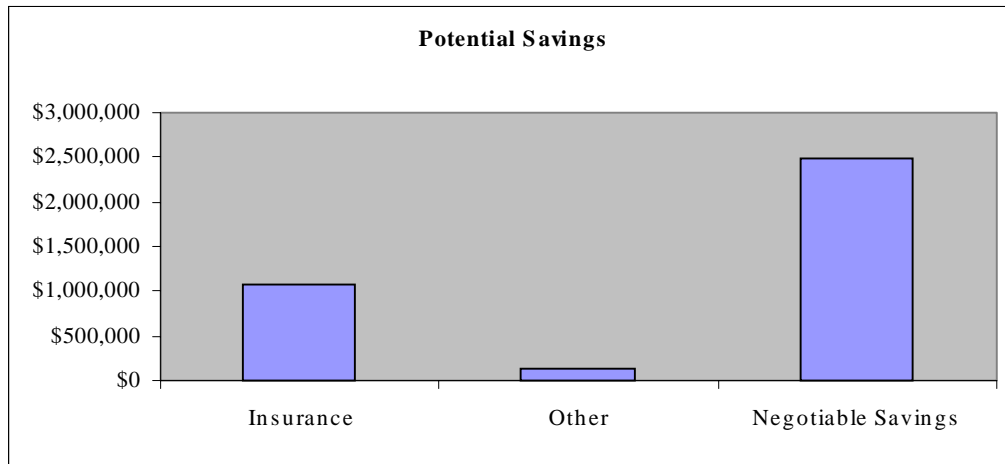
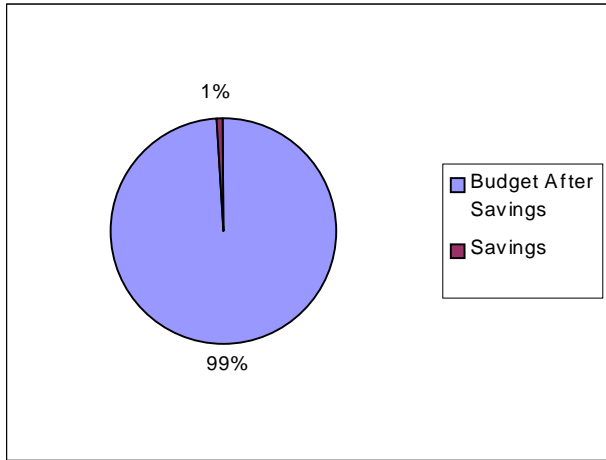
<b>Savings as a % of School Tax</b>	<b>1.7%</b>
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<b>Total Budget (FY97)</b>	<b>\$164,681,403</b>
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<b>Savings as a % of Budget</b>	<b>0.7%</b>
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<b>Total State Aid (FY97)</b>	<b>\$64,084,628</b>
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<b>Savings as a % of State Aid</b>	<b>1.9%</b>
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## **COMMUNITY OVERVIEW**

The Toms River Regional School District, formed in December, 1964, serves students from Dover Township and the Boroughs of Beachwood, Pine Beach, and South Toms River. Dover Township, the seat of Ocean County, is 41 square miles in area. The district comprises approximately 50 square miles with an estimated 1996 population of 99,655.

In addition to county governmental properties, the Ocean County Community College is located in Dover Township. Major shopping locations, financial and business offices are located in the township in addition to many residential areas. Beachwood, Pine Beach, and South Toms River are mostly residential communities.

In October, 1998, the Toms River Regional School District had the fourth largest pupil population in the state of New Jersey: 17,780 students. Projections are that population growth for this shore area will continue, both in the community and the school.

The district maintains seventeen schools. The Toms River Regional Schools had 1,996 full-time employees, 218 part-time employees, and 862 employees paid by voucher as of the 1996-97 school year. The board of education is comprised of nine members: six representatives from Dover Township, and one member each from Beachwood, Pine Beach, and South Toms River. One student delegate from each of the district's three high schools also attends the monthly board of education meetings.

The shore location, available land, and easy access to the Garden State Parkway have contributed to past population growth and the likelihood that growth will continue.

## **I. BEST PRACTICES**

A very important part of each Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot site every area of effective effort. The following are those best practices recognized by the team for their cost and/or service delivery effectiveness.

### **Special Education Cost Reductions**

The Toms River Regional School District has taken a variety of steps to reduce costs, foremost being the establishment of in-district programs that have permitted children to return and benefit from services within the system which are generally less costly than out-of-district placements.

The district has concentrated its efforts on bringing back into the school district those special education students who previously were sent to private institutions due to their unique educational needs. Today, each high school in Toms River has its own program for emotionally disturbed students, and the district operates a central high school program for the emotionally disturbed students in Building J at Toms River High School South.

### **Staff Reduction**

Over the past six years the district has eliminated approximately 300 non-instructional positions. This has meant a \$1,600,000 payroll reduction. A number of these positions have been eliminated from the district central office.

### **Inter-Agency Cooperation**

The Township of Dover leases a downtown office building to the district for one dollar per year. This is a good example of cooperation between public entities that saves tax dollars while providing useful office space.

### **Sidewalk Program**

In cooperation with local municipalities, the district has constructed sidewalks in an effort to provide safe walkways to school for children who live within the state's non-aid bus limits. According to district officials, this program has increased the number of potential student walkers from 500 at its inception 20 years ago, to almost 4,000 today.

### **Project EXCEL**

Project EXCEL provides enrichment and re-enforcement help for all interested students before the start of the regular school day. EXCEL avoids pulling students out of classroom instruction during the school day, which is often a problem for both students and teachers.

### **Technology Training**

The Toms River Regional School District has established an excellent technology training facility in its administrative offices. This \$330,000 center was established and equipped through donations from area and national businesses through the efforts of the superintendent.

### **Additional Funding Sources/Benefactors**

The superintendent, administration, and the board of education have taken a number of steps to seek funding sources, attract community benefactors, and promote mutually beneficial ventures. As a result of these efforts, the technology-training program, the Café @ 1144 Hooper Avenue, and several other major undertakings have been established to benefit the children of the Toms River Regional School District.

### **Athletics**

The district has historically benefited from the benevolence of the board of directors of the Toms River Country Club. Members of the Toms River High School South co-ed golf team are permitted use of the Toms River Country Club golf course at no charge to the students or the district. Use of the course is provided to the team for both practice and interscholastic tournament play. For approximately 25 years, each new golf season has marked the continuation of the club's long-standing commitment to local youth.

### **Health Insurance**

The district has hired a separate prescription carrier from their health care company in order to obtain better information on escalating health care costs. The district's pharmacy plan permits the patient to pay for the specific brand of medication that the patient may desire but at a discount price.

## **II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS**

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operation and financial savings to the district and its taxpayers.

In its study, the review team found the district makes a conscious effort to control costs and to explore areas of cost-saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted as appropriate in the findings to follow. The district is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations are subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates due to improvements in budgeting, cash management, cost control, and revenue enhancement.

### **Comparative Analyses**

Many of the recommendations contained in this report are based upon comparative analyses using New Jersey State Department of Education data in comparison with districts of similar size and demographics (socio-economic district factor groups). The comparative data used in this report was compiled in school year 1996-97, which was current at the time of the review. Other data sources are obtained from district documents, various state agencies, state education associations, publications and private industry. The school districts used for comparison with Toms River are Brick Township, Edison, Hamilton and Woodbridge. The following table, (Table 1), which is based upon the district's Comprehensive Annual Financial Report (CAFR), compares the revenue sources of the five districts:

**Table 1**

<b>Revenues</b>	<b><u>Toms River</u></b>		<b><u>Brick Twp.</u></b>		<b><u>Edison</u></b>		<b><u>Hamilton</u></b>		<b><u>Woodbridge</u></b>	
<b>General Fund</b>										
Local Tax Levy	\$72,731,679	44.2%	\$50,644,543	61.4%	\$89,343,302	81.8%	\$62,781,793	57.4%	\$90,177,294	80.7%
State Aid	\$63,329,111	38.5%	\$26,803,088	32.5%	\$15,983,505	14.6%	\$40,936,010	37.4%	\$17,022,488	15.2%
Federal Aid	\$368	0.0%	\$0	0.0%		0.0%	\$0	0.0%	\$0	0.0%
Tuition	\$245,440	0.1%	\$246,640	0.3%	\$69,854	0.1%	\$212,401	0.2%	\$85,798	0.1%
Interest on investments	\$702,188	0.4%	\$0	0.0%		0.0%	\$0	0.0%	\$907,513	0.8%
Miscellaneous	\$504,711	0.3%	\$1,262,438	1.5%	\$982,918	0.9%	\$1,043,431	1.0%	\$418,533	0.4%
<b>Total General Fund</b>	<b>\$137,513,497</b>	<b>83.5%</b>	<b>\$78,956,709</b>	<b>95.8%</b>	<b>\$106,379,579</b>	<b>97.4%</b>	<b>\$104,973,635</b>	<b>96.0%</b>	<b>\$108,611,626</b>	<b>97.2%</b>
<b>Special Revenue Fund</b>										
State Aid	\$755,517	0.5%	\$502,372	0.6%	\$1,049,024	1.0%	\$1,316,938	1.2%	\$850,210	0.8%
Federal Aid	\$2,297,449	1.4%	\$1,457,496	1.8%	\$1,431,901	1.3%	\$1,861,315	1.7%	\$1,496,791	1.3%
Other		0.0%	\$97,282	0.1%	\$127,015	0.1%	\$176,253	0.2%	\$15,766	0.0%
<b>Total Revenue Fund</b>	<b>\$3,052,966</b>	<b>1.9%</b>	<b>\$2,057,150</b>	<b>2.5%</b>	<b>\$2,607,940</b>	<b>2.4%</b>	<b>\$3,354,506</b>	<b>3.1%</b>	<b>\$2,362,767</b>	<b>2.1%</b>
<b>Debt Service Fund</b>										
Local Tax Levy	\$1,282,330	0.8%	\$1,198,814	1.5%	\$201,195	0.2%	\$450,049	0.4%	\$0	0.0%
Miscellaneous	\$265,955	0.2%	\$0	0.0%		0.0%	\$0	0.0%	\$667,311	0.6%
Interest on investments						0.0%	\$0	0.0%	\$32,191	0.0%
State Aid	\$632,663	0.4%	\$231,288	0.3%		0.0%	\$251,324	0.2%	\$9,420	0.0%
<b>Total Debt Service Fund</b>	<b>\$2,180,948</b>	<b>1.3%</b>	<b>\$1,430,102</b>	<b>1.7%</b>	<b>\$201,195</b>	<b>0.2%</b>	<b>\$701,373</b>	<b>0.6%</b>	<b>\$708,922</b>	<b>0.6%</b>
<b>Fiduciary Fund</b>										
State Aid	\$0	0.0%	\$0	0.0%		0.0%	\$0	0.0%	\$0	0.0%
Federal Aid	\$0	0.0%	\$0	0.0%		0.0%	\$0	0.0%	\$0	0.0%
Other	\$0	0.0%	\$0	0.0%	\$14,990	0.0%	\$96,091	0.1%	\$0	0.0%
<b>Total Fiduciary Fund</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$14,990</b>	<b>0.0%</b>	<b>\$96,091</b>	<b>0.1%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Capital Projects</b>										
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$236,282	0.2%	\$0	0.0%
Interest on investments	\$333,992	0.2%	\$1,201	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Miscellaneous	\$21,600,000	13.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
<b>Total Capital Projects</b>	<b>\$21,933,992</b>	<b>13.3%</b>	<b>\$1,201</b>	<b>0.0%</b>	<b>\$0</b>	<b>0.0%</b>	<b>\$236,282</b>	<b>0.2%</b>	<b>\$0</b>	<b>0.0%</b>
<b>Total Revenues (All Funds)</b>	<b>\$164,681,403</b>	<b>100%</b>	<b>\$82,445,162</b>	<b>100%</b>	<b>\$109,203,704</b>	<b>100%</b>	<b>\$109,361,887</b>	<b>100%</b>	<b>\$111,683,315</b>	<b>100%</b>

Source: School districts' 1996-97 Comprehensive Annual financial Report (CAFR)

The local tax levy and state aid account for most of the revenue in each of the comparison districts. In the 1996-97 school year, the Toms River School District received 44% of its total revenue from the local tax levy and 38% from state aid. It should be noted that these two revenue percentages for the Toms River Regional School District are usually about 40% for state aid while the local share has been in the middle to high fiftieth percentile. In school year 1996-97, \$21.6 million in bonds were issued for construction of a new elementary school, as well as to make renovations to other district schools. The bond sale revenue was recorded in the miscellaneous section of the capital project fund. If the \$21.6 million bond revenue is factored out, the percentages of state aid and local monies increase to the usual ranges mentioned above.

The following table, (Table 2), illustrates data which compares general fund expenditures based upon the districts' Comprehensive Annual Financial Report (CAFR):

**Table 2**

	<u>Toms River</u>		<u>Brick Twp.</u>		<u>Edison</u>		<u>Hamilton</u>		<u>Woodbridge</u>	
Regular Program - Inst.	\$49,172,247	34.4%	\$27,823,876	33.6%	\$41,776,068	39.1%	\$38,225,651	36.6%	\$42,609,901	40.8%
Special Education	\$7,878,949	5.5%	\$7,248,167	8.8%	\$6,726,383	6.3%	\$7,311,724	7.0%	\$7,600,467	7.3%
Basic Skills-Remedial	\$1,965,733	1.4%	\$1,494,711	1.8%	\$2,651,906	2.5%	\$1,095,231	1.0%	\$806,481	0.8%
Bilingual Education	\$217,615	0.2%	\$215,443	0.3%	\$1,220,341	1.1%	\$259,864	0.2%	\$646,142	0.6%
Vocational Program	\$2,187,518	1.5%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%
Sponsored Co-curricular Activities	\$669,386	0.5%	\$133,362	0.2%	\$366,920	0.3%	\$389,473	0.4%	\$371,791	0.4%
Sponsored Athletics	\$2,322,763	1.6%	\$1,114,401	1.3%	\$674,373	0.6%	\$947,221	0.9%	\$753,629	0.7%
Other Instruction Program	\$2,687	0.0%	\$0	0.0%	\$0	0.0%	\$120,955	0.1%	\$0	0.0%
Community Services Program	\$121,718	0.1%	\$0	0.0%	\$0	0.0%	\$125,466	0.1%	\$0	0.0%
<b>Total Instructional Cost</b>	<b>\$64,538,616</b>	<b>45.2%</b>	<b>\$38,029,960</b>	<b>46.0%</b>	<b>\$53,415,991</b>	<b>50.0%</b>	<b>\$48,475,585</b>	<b>46.4%</b>	<b>\$52,788,411</b>	<b>50.5%</b>
Undistributed Exp. - Ins.	\$3,779,471	2.6%	\$3,850,945	4.7%	\$4,947,301	4.6%	\$4,921,567	4.7%	\$3,296,985	3.2%
General Administration	\$2,119,444	1.5%	\$1,587,575	1.9%	\$2,164,647	2.0%	\$1,998,679	1.9%	\$2,429,847	2.3%
School Administration	\$5,234,587	3.7%	\$3,143,655	3.8%	\$4,773,206	4.5%	\$5,436,484	5.2%	\$5,945,758	5.7%
<b>Total Admin. Cost</b>	<b>\$7,354,031</b>	<b>5.1%</b>	<b>\$4,731,230</b>	<b>5.7%</b>	<b>\$6,937,853</b>	<b>6.5%</b>	<b>\$7,435,163</b>	<b>7.1%</b>	<b>\$8,375,605</b>	<b>8.0%</b>
Food Service	\$100,000	0.1%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$843,994	0.8%
Health Service	\$1,586,590	1.1%	\$898,832	1.1%	\$1,285,475	1.2%	\$1,394,064	1.3%	\$1,529,076	1.5%
Attend. & Soc. Work Services	\$253,273	0.2%	\$676,000	0.8%	\$93,267	0.1%	\$45,340	0.0%	\$44,114	0.0%
Other Support Service-Student	\$6,058,975	4.2%	\$2,034,887	2.5%	\$4,956,070	4.6%	\$5,530,049	5.3%	\$3,945,251	3.8%
Other - Imp. of Inst. Ser.-Staff	\$2,156,630	1.5%	\$886,971	1.1%	\$1,969,761	1.8%	\$589,815	0.6%	\$1,035,655	1.0%
Media Serv./Sch. Library	\$2,113,422	1.5%	\$1,076,023	1.3%	\$1,078,849	1.0%	\$1,006,723	1.0%	\$1,342,334	1.3%
Instructional Staff Training Services	\$0	0.0%	\$0	0.0%	\$167,412	0.2%	\$0	0.0%	\$0	0.0%
Operation of Plant	\$12,796,255	9.0%	\$5,701,905	6.9%	\$9,494,727	8.9%	\$8,940,740	8.6%	\$6,978,016	6.7%
Business & Other Sup. Services	\$18,556,066	13.0%	\$12,568,118	15.2%	\$11,097,530	10.4%	\$13,705,078	13.1%	\$15,034,881	14.4%
<b>Total Support Services</b>	<b>\$43,621,211</b>	<b>30.5%</b>	<b>\$23,842,736</b>	<b>28.8%</b>	<b>\$30,143,091</b>	<b>28.2%</b>	<b>\$31,211,809</b>	<b>29.9%</b>	<b>\$30,753,321</b>	<b>29.4%</b>
TPAF Pension & Reimb. SS & Con.	\$2,145,715	1.5%	\$1,091,935	1.3%	\$1,853,656	1.7%	\$1,641,383	1.6%	\$1,873,465	1.8%
Reimb. TPAF SS Contrib.	\$5,144,765	3.6%	\$2,254,729	2.7%	\$4,136,598	3.9%	\$3,959,406	3.8%	\$4,357,537	4.2%
Transportation	\$8,516,087	6.0%	\$5,365,452	6.5%	\$5,016,866	4.7%	\$4,790,192	4.6%	\$5,040,248	4.8%
Capital Outlay	\$7,344,786	5.1%	\$3,380,031	4.1%	\$148,045	0.1%	\$1,947,615	1.9%	\$5,181,730	5.0%
Special Schools	\$461,897	0.3%	\$161,066	0.1%	\$339,386	0.3%	\$159,989	0.2%	\$658,555	0.6%
<b>Total General Expenditures.</b>	<b>\$142,906,579</b>	<b>100%</b>	<b>\$82,708,084</b>	<b>100%</b>	<b>\$106,938,787</b>	<b>100%</b>	<b>\$104,542,709</b>	<b>100%</b>	<b>\$112,325,857</b>	<b>107%</b>
<b>Avg. Daily Enrollment</b>	<b>17,280</b>		<b>10,401</b>		<b>12,923</b>		<b>12,229</b>		<b>12,014</b>	

Source: School districts' 1996-97 CAFR and NJ Department of Education Comparative Spending Guide 1998

The following table, (Table 3), indicates the comparative per-pupil costs for selected cost factors for the 1996-97 school year:

**Table 3**

	<u><b>Toms River</b></u>	<u><b>Brick Twp.</b></u>	<u><b>Edison</b></u>	<u><b>Hamilton</b></u>	<u><b>Woodbridge</b></u>
Total Cost Per Pupil**	\$6,685	\$6,404	\$7,003	\$7,049	\$7,638
Total Classroom Instruction	\$4,158	\$4,223	\$4,660	\$4,465	\$5,039
Classroom Salaries & Benefits	\$3,944	\$3,808	\$4,535	\$4,301	\$4,858
Classroom General Supplies & Textbooks	\$164	\$140	\$116	\$151	\$150
Classroom Purchased Services & Other	\$50	\$275	\$9	\$13	\$31
Total Support Services	\$677	\$539	\$572	\$753	\$659
Support Services Salaries & Benefits	\$640	\$489	\$512	\$695	\$608
Total Administrative Cost	\$759	\$683	\$881	\$852	\$1,084
Salaries & Benefits for Administration	\$684	\$583	\$735	\$775	\$899
Operations & Maintenance of Plant	\$811	\$622	\$794	\$803	\$644
Salaries & Benefits for Operation/Maint. Of Plant	\$461	\$411	\$493	\$497	\$413
Food Service	\$6	\$0	\$0	\$38	\$70
Extracurricular Cost	\$196	\$136	\$89	\$123	\$105
Equipment	\$90	\$27	\$10	\$53	\$35
Student/Teacher Ratio	16.0	16.0	14.9	14.5	13.8
Median Teacher Salary	\$51,535	\$45,210	\$64,380	\$50,559	\$59,000
Student/Support Service Ratio	119.4	111.4	126.4	86.6	100
Median Support Service Salary	\$62,248	\$49,377	\$69,684	\$53,481	\$61,601
Student/Administrator Ratio	229.3	273.5	237.1	188.6	207
Median Administrator Salary	\$83,220	\$80,513	\$85,461	\$84,973	\$80,072
Faculty/Administrator Ratio	16.3	19.5	17.7	15.2	17.1
Personal Service-Employee Benefits % of Total Salaries	18.1%	22.0%	13.6%	16.9%	18%

Source: 1998 NJDOE Comparative Spending Guide

\*\* The total cost per pupil is calculated as the total current expense budget plus certain special revenue funds, particularly early childhood programs, demonstrably effective programs, distance learning network costs and instructional supplement costs. The calculation does not include the local contribution to special revenue, tuition expenditures, interest payments on the lease purchase of buildings, transportation costs, residential costs and judgments against the school district. Also excluded from this per pupil calculation are equipment purchases, facilities acquisition and construction services, expenditures funded by restricted local, state and federal grants, and debt service expenditures.

A comparison of the Toms River Regional district's per pupil costs with those of the districts in Brick Township, Edison, Hamilton and Woodbridge, based on the Comparative Spending Guide (Table 3) shows that, overall, Toms River's costs are within the comparison ranges. Table 3 displays a variety of budget sub-categories, ratios of personnel and students, and salary data. This data indicates that Toms River Regional's costs are generally comparable to the four comparison districts. More detailed examination of the information takes place in individual sections of the report.

In the 1998 Comparative Spending Guide, Toms River is grouped with 83 other K-12 districts with enrollments of more than 3,500 students. The following table, (Table 4), indicates Toms River's rank in selected, and audited, cost categories for the school years 1995-96, 1996-97 and for the 1997-98 year which was budgeted, but unaudited, at the time of the site visit:

**Table 4**

<b>Ranked Low Cost to High Cost</b>	<b>1995-96</b>		<b>1996-97</b>		<b>1997-98</b>	
	<b>Actual</b>	<b>Ranking</b>	<b>Actual</b>	<b>Ranking</b>	<b>Budget</b>	<b>Ranking</b>
Cost Per Pupil	\$6,809	17	\$6,685	16	\$6,907	16
Classroom Instruction	\$4,124	11	\$4,158	11	\$4,087	8
Classroom Salaries & Benefits	\$3,919	12	\$3,944	17	\$3,854	7
General Supplies & Textbook	\$165	46	\$164	50	\$192	54
Purchased Services & Other	\$40	47	\$50	51	\$41	42
Support Services	\$690	40	\$677	40	\$811	31
Support Serv. Salaries & Benefits	\$655	44	\$640	46	\$745	38
Total Administrative Cost	\$752	6	\$759	9	\$751	6
Salaries & Benefits for Admin.	\$668	14	\$684	15	\$671	14
Operations & Maint.	\$963	49	\$811	24	\$873	30
Salaries & Benefits for Operation/Maint.	\$498	40	\$461	32	\$484	33
Food Service	\$6	9	\$6	6	\$3	6
Extracurricular Cost	\$194	77	\$196	76	\$199	74
Median Teacher Salary	N/A	N/A	\$51,535	38	\$52,765	46
Median Support Service Salary	N/A	N/A	\$62,248	59	\$62,708	55
Median Administrator Salary	N/A	N/A	\$83,220	46	\$86,220	49

**Ratios Ranked High to Low**

Student/Administrator Ratio	229.3	8	236.7	5
Faculty/Administrator Ratio	16.3	20	16.8	18

Source: 1998 NJDOE Comparative Spending Guide (Total of 84 School Districts)

Toms River was compared to the other 83 school districts, grade K through 12 with more than 3,500 students, ranked low (1) to high (84), using the 1998 Comparative Spending Guide published by the New Jersey State Department of Education. The Toms River Regional School District cost per pupil was ranked 17<sup>th</sup> in 1995-96, 16<sup>th</sup> in 1996-97, and 16<sup>th</sup> (budgeted but unaudited) in 1997-98. A ranking of above 42 reflected a higher cost than the midpoint of the 84 districts.

The total cost per pupil in Toms River for 1995-96 was \$6,809, and \$6,685 in 1996-97, while the state average cost for K-12 schools was \$7,683 in 1995-96 and \$7,611 in 1996-97. Toms River School District is below the state average cost for K-12 districts by 12.83% in 1995-96 and 13.85% in 1996-97.

**ADMINISTRATION****Toms River Administration and Organization**

The Toms River Regional School District is the fourth largest in New Jersey. The district had 17,780 students in 16 schools according to the 1998-99 enrollment application, and approximately 2,200 full-time employees, down from 2,500 over the past seven years. The operating budget for the 1996-97 year was \$142,906,579.

LGBR found the board of education and the district leadership concerned about controlling expenses. This has caused them to explore new ways to fund the costs of an increasing student population and the dramatic amount of money required to handle the incessant demand for more and newer technology.

### **Administrative Structure and Cost**

The central administrative staff includes: a superintendent, one senior assistant superintendent, two assistant superintendents, a business administrator, a board secretary who also handles data processing in the business area, two directors of curriculum, a director of instructional technology and training, a director of handicap services, an assistant director of handicap services, a community liaison officer, an affirmative action officer, a director of adult school and basic skills, an athletic director, and a drug/alcohol coordinator. Several administrators of operational services, such as transportation, maintenance, etc., are located at sites other than the main administrative offices.

The New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing provides for 11 central office administrators, supervisors, and other professionals to service a district with 3,075 students. Toms River's student population is more than five times greater than the state's model. Using the state model, the number of Toms River Regional's central office staff is less than might be anticipated for a district with more than 17,000 students. In recent years, the district has steadily reduced its central administrative and secretarial cadre. The remaining staff has had to assume additional duties to fill in for departed colleagues. The Toms River Regional School District's ratio of non school-based administrators to students placed eighth lowest out of 81 K-12 New Jersey districts with 3,500 plus students in 1996-97, and fifth lowest out of 84 such districts in 1997-98 according to the New Jersey Department of Education's Comparative Spending Guide. The district's central administrative staff had just moved into new quarters when the LGBR team arrived in the spring of 1998. These quarters give the superintendent and his staff sufficient space to conduct the district's business. In addition, there is an excellent technology-training lab in the new location. Space is available for overflow instructional needs. The district has also opened a luncheonette in the facility that appears to be headed toward a modest profit.

LGBR compared the cost of administrative salaries and benefits for Toms River's non-school, central office administrators with other New Jersey K-12 districts having enrollments greater than 3,500. Toms River Regional's rank in 1995-96 was 14<sup>th</sup> at \$668 per student, with 1<sup>st</sup> being the lowest per-pupil amount. In 1996-97, \$684 was spent for each student, giving the district a ranking of 15<sup>th</sup> out of 81 districts; in 1997-98, \$671 was spent for a ranking of 14<sup>th</sup> out of 84 districts.

The Toms River median salary for all district administrators, as reported in the Comparative Spending Guide of the New Jersey Department of Education, was \$83,200 for 1996-1997, a ranking of 46<sup>th</sup> highest amongst the 81 large K-12 districts with enrollments in excess of 3,500. The district's median salary for 1997-98 was \$86,220 for a ranking of 49<sup>th</sup> out of 84. The state median salaries for K-12 districts were \$80,715 in 1996-97 and \$83,492 in 1997-98. General administrative salaries on a per-pupil basis in 1996-97 were lower than salaries for the state, for

Ocean County, for the 168 districts in Toms River's socio-economic group, for its enrollment group (large), and for its grade plan (K-12). That same year, Toms River spent \$62 per pupil for general administrative salaries, while the state average was \$113 per pupil; the 36 large districts in Toms River's enrollment group averaged \$79 per pupil.

Based on the facts listed above it does not appear that the number of non-school administrators is excessive. Indeed, through site visits and analysis, LGBR feels that the district's central administrators are at the limit in terms of ability to absorb more work through attrition. Care should be taken that the quality of work is not adversely affected by the reduction of staff members and increases in workload.

Working relations between the board of education and the school administration appear to be effective. The board of education members seem to work well together. There is appropriate respect for the roles of both the board of education and the administration, with each one recognizing the boundaries of the other's duties.

Conversations with public officials, parents, and other citizens generally revealed a supportive attitude toward the district and its programs. An active taxpayer organization, the Toms River Task Force, scrutinizes district fiscal matters and comments on them.

### **School Administration**

Toms River's schools typically have large student enrollments: elementary schools have as many as 1,000 students, the secondary schools often have 1,500 students. The number of administrators assigned generally falls within the guidelines of the New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing as adjusted for Toms River's enrollments. The larger elementary schools have an assistant principal to work alongside the principal. All elementary schools also have a full-time supervisor of instruction, which position is not provided for under state guidelines.

The New Jersey Department of Education's Comparative Spending Guide lists Toms River as fifth highest of 84 large enrollment K-12 districts in student/administrator ratio for the 1997-98 year. Toms River's 1996-97 rank was eighth highest out of 81 districts. The state's 1997-98 K-12 district's average student/administrator ratio was one administrator per 170 students. Toms River's ratio was one administrator per 237 students. The 1997-98 state faculty/administrator ratio average for K-12 schools was 13.8 and Toms River's ratio was 16.8 for a ranking of 18<sup>th</sup> highest.

### **Instructional Staff**

Statewide average classroom salaries and benefits per pupil for 1997-98 were reported in the Comparative Spending Guide as \$4,596. The same figure for Toms River was \$3,854, the seventh lowest in the 84-district group.

The K-12 state average student/teacher ratio in 1997-98 was 14.1, with a median salary of \$51,066. Toms River's ratio was 16 for a ranking of 8<sup>th</sup> highest out of 84 districts. The median salary in 1997-98 was \$52,765, ranking Toms River 46<sup>th</sup>, or four places above the median rank

for the 84 districts in Toms River's K-12 enrollment group. Elementary class size for the state was about 22 students per class. Toms River's averages ranged from 23 to 26 per class.

A variety of the district's negotiated agreements provide salary increases based on longevity. LGBR is opposed to payment of public funds other than for performance. Longevity payments are not performance-related. We recommend that, through future negotiations, the district move to eliminate longevity payments, other than for employees at the top of salary guides. This should save the taxpayers money while continuing to recompense employees fairly. Dover Township was able to eliminate future longevity payments through negotiations by grandfathering the practice for current employees while eliminating it for future employees.

### **Board of Education Expenses**

Expenses incurred by the board of education were reviewed by LGBR. The largest amount spent was for dues to the New Jersey School Boards Association. Other costs were mostly associated with attendance at the state school boards association's annual convention in Atlantic City. Board costs seem modest and appropriate.

### **Telephones**

An important part of daily district operations, telephone use can present an excessive cost if not properly monitored and controlled. The district owned four cellular phones at the time of this review. One phone was for administrative staff, and the other three were available for bus drivers who drove trips outside of Ocean County.

Regular phones are programmed to limit calls to local service. Long distance is only gained through the switchboard operator who maintains a log of all long distance calls. These logs are monitored to prevent potential abuse. District telephone operations seem to be properly controlled.

## **INSTRUCTION**

### **Curriculum**

The district maintains a five-year curriculum evaluation schedule, which targets one or more different curriculum content areas for review each year. The district's plan establishes the review schedule, which in turn provides focus in the planning of staff development. Integration of the State Curriculum Content Standards in all subject areas and implementation of the State Core Course Proficiencies in all high school courses are written into the district's five-year plan.

District representatives emphasized the goal of consistency in implementation of the grade-level and content area curricula throughout the district. In an effort to ensure consistency, the district has authored a complete set of course proficiency outlines of all content areas at each grade level. Course Proficiency Outlines (CPOs) are reviewed annually by the central office curriculum supervisor and the appropriate supervisor(s) of instruction. A committee of teachers, building administrator(s), the central office curriculum supervisor and at least one counselor work in those subject areas scheduled for intense review and revision in a given year. Revision dates are recorded in the individual CPO. These dates show frequent review and revision of all CPO

sections at each grade level and for all content areas. A copy of the applicable grade-level or subject area CPO is distributed to each teacher in the district at the start of the school year. At the intermediate and high school levels, parents attending back-to-school night are provided with a copy of the CPO for each course in which their child is enrolled. A complete set of CPOs is also available at the main office of each school, at all district library media centers, and at the public library. District grade-level and content area CPOs provide a wealth of information about the district, its instructional program and philosophy.

For elementary grades one through six, each grade-level CPO provides outlines of all content areas. These include the basic content of the subject area to be mastered, activities and materials fundamental to the learning process, the desired student outcomes, and those criteria to be used in evaluating student performance. Each K-6 CPO also provides the grade-level curriculum of special programs such as the district's Gifted and Talented Program, the Basic Skills Improvement Program and the English as a Second Language Program. Notice of overall assessment criteria is provided in the report card guidelines and in the district-wide standardized testing schedule for grades K through 12, which are also included in each elementary-level CPO.

One "Intermediate Level" CPO addresses the curriculum for both seventh and eighth grades and provides the curriculum for all content areas, including special programs. In these grades, students in the Toms River Regional School District are divided into different instruction levels: Gifted and Talented, Track I, Track II or Track III, each of which is reflected in the CPO.

High School CPOs are arranged by departmental content areas such as English, Mathematics, Science, and Technology and Career Education. Each content-area CPO outlines the curriculum by course offering.

Laying out its curriculum in comprehensive, updated course proficiency outlines provides the district and the general public with a ready, efficient source of information concerning the instructional program. The information contained in the CPOs constitutes an integral component of an informed, cost-efficient decision-making process, and serves as a point of departure for examining expenditures in the instructional area.

### **Pupil Expenditures**

Among the five districts compared, figures from the New Jersey Department of Education's Comparative Spending Guide show that, over the three-year period reviewed, Toms River consistently expended the lowest budget percentage on classroom instruction. With the exception of Brick Township in 1996-97 and 1997-98, Toms River also expended the lowest per-pupil dollar amount for instruction from among these districts. In the most recent school year, 1997-98, the district ranked 16<sup>th</sup> lowest in per pupil classroom instruction expenditures from among the state's 84 K-12 school districts having 3,500 or more students on roll.

### **Total Classroom Instruction Per-Pupil Expenditures**

<b>1995-96</b>	<b>Toms River</b>	<b>Brick</b>	<b>Edison</b>	<b>Hamilton</b>	<b>Woodbridge</b>
Expenditure	\$4,124	\$4,128	\$4,825	\$4,445	\$5,292
Budget %	60.6%	67.3%	67.6%	63.3%	66.0%
Ranking	10	11	49	31	70

#### **1996-97**

Expenditure	\$4,185	\$4,180	\$4,821	\$4,468	\$5,147
Budget %	62.2%	65.9%	66.5%	63.3%	66.0%
Rank	12	11	47	28	67

#### **1997-98**

Expenditure	\$4,241	\$4,215	\$4,970	\$4,354	\$4,917
Budget %	57.6%	65.4%	62.1%	58.2%	59.4%
Rank	16	13	54	19	50

Source: NJDOE Comparative Spending Guide, 1997 and 1999. The costs reflect actual, as opposed to budgeted, expenditures.

### **Special Education**

The district provided Special Education services and programs to 1,532 students in the 1996-97 school year. One thousand four hundred and five, or 92%, of the students received these services within the district and 127 or 8% were sent out of district (Appendix 1). The district sends certain students out of district when necessary to accommodate their special needs.

The district spent approximately \$11,500,000 in the 1996-97 school year to provide Special Education services and programs both in and out of district (Appendix 2). This represents an increase of \$800,000 or 6.9% over the previous year. However, during the 1995-96 school year total costs decreased by \$1,600,000 or 12.6% from the prior year. During the 1994-95 school year, program costs increased \$400,000 or 3.4% from the prior year.

The large decrease during the 1995-96 school year was due mostly to a \$2,100,000 or nearly 60% decrease in "Extraordinary Services." This reduction resulted from a change in accounting systems when the district transferred to Generally Accepted Accounting Principles (GAAP). It was not a cost reduction. In the 1995-96 school year, these funds were properly allocated to "Other Support Students, Special" which is outside the special education accounting categories. These adjustments continued in the 1996-97 school year when another \$678,000 or 48.3% reduction occurred.

### Efficiency Indicators

In terms of program cost, the team focused on several indicators that have direct or indirect impact. These are: 1) child study teams classification rates; 2) the percent of students sent to private placements which are usually significantly higher in costs; and 3) the amount of money spent on each special education student. The team believes that, taken as a group, these three indicators provide important information on a district's effectiveness in controlling costs.

While many comments in the special education section of this report focus on cost and activities that have cost implications, LGBR recognizes that the primary mission of school districts is to provide the appropriate program for classified students, regardless of cost. This is as it should be. Individual Educational Programs provide direction as the district establishes a program for each student.

Actions by the Toms River Schools to establish program changes were undertaken in order to place students in situations that offered the best opportunity to learn and to develop appropriately.

#### *Child Study Team Classification Rates*

LGBR compared district child study team staffing to New Jersey Department of Education standards as outlined in the state's comprehensive plan. Based on these guidelines, Toms River could employ up to 13 child study teams. The district has 12 teams.

LGBR compared Toms River's Special Education program to four districts of roughly similar size and socio-economic factors. The data indicate that, of the five districts, Toms River has the lowest classification rate at 9.2%. In fact, its rate is nearly one-third less than the highest rate of 13.4%. Toms River also has the lowest private placement rate at 0.47%. This is nearly 40% below the highest rate of 0.77%. The cost per special education student, excluding undistributed costs, at Toms River is \$4,989. This is the second lowest rate among the five districts and it is 25.8% below the highest rate.

LGBR acknowledges different student needs and recognizes that circumstances in a given community may contribute to differences in the number of students classified and, of those, the number of students sent out of district for instruction.

The district achieved these lower rates in several ways. First, it has aggressively implemented New Jersey Department of Education policy to objectively identify children who should be classified. The method of identification is based on statistical differences between a student's cognitive potential and actual achievement level. Second, LGBR's interviews with teaching staff indicate that they are committed to accommodating students with unique learning needs in the regular classroom. This helps to limit the gap between student ability and performance.

The district also provides in-class support in all elementary schools for children with unique learning needs and has a pilot program to do this in the high schools, which permits increased student participation in regular classroom instruction.

#### *Private Placements*

Each special education student's Individualized Education Plan (IEP) delineates services that must be provided by the district. The special education staff is committed to delivering quality service as required by each student's IEP and believes that it can often provide the same quality services as private and public institutions that serve the handicapped. For example, the district uses consultants to train and consult with staff as needed. Second, because of the district's size, it can draw on a greater number of staff with a broad range of knowledge and skills. The district has more students to combine into specific self-contained classes for more efficient use of staff.

### *Student Costs*

In terms of overall costs, LGBR identified many factors that lead to reduced costs. Staff communicated to LGBR that they were making a conscious effort to provide quality service while operating in a cost-effective manner. This is reflected in the low classification and out-of-district rates noted above.

### *Non-financial Aspects*

In addition to analyzing costs, the team reviewed non-financial aspects of the Special Education function by: 1) reviewing comments of outside review agencies from earlier evaluations of the special education function; 2) observing several special education classes and speaking to special education students; 3) talking to district special education and non-special education staff; and 4) interviewing staff from the Department of Education's County Office of Education, the Director of Handicapped Services, the Supervisor of Child Study Teams and representatives of two parent groups.

Upon analyzing this information, the team concludes that the district maintains high quality standards. This was confirmed by parent groups who said the district provides comprehensive and quality IEP services, is flexible in trying new ideas, and achieves the same quality and service standards at each school. One parent group pointed out that this was not always the case. It indicated that it took several years of working with the district to achieve this high level of achievement.

### Analysis of Self-Contained Classes and Out-of-District Placements

LGBR analyzed out-of-district placements and self-contained classes using cost information developed from the 1996-97 Comprehensive Annual Financial Report (CAFR). The team analyzed general fund expenditure data and identified the cost of regular, in-district special education, and out-of-district special education students. The analysis indicated that regular and special education in-district total costs per student are \$8,000 and \$9,985 respectively. Toms River's average cost per out-of-district special education student is \$29,760, excluding transportation.

The team examined whether the district filled the available seats in its self-contained classes. In the 1996-97 school year, the district had 51 self-contained classes distributed among 11 different schools to provide instruction for 453 special education students. The team found that the district had a capacity of 624 students and used 73% of that capacity. This left space for 171 additional students. If Toms River students could be returned from out-of-district placements to bring these classes to capacity, they could be educated within the district without hiring additional teachers or aides. In fact, there would be no cost increases except for items such as supplies and special instructional needs. Perhaps some additional speech services might be required. LGBR realizes that students may be returned to the district only if it is consistent with their Individual Education Program (IEP).

The review team recognizes that differences in age grouping or other circumstances may preclude the district from filling every special education classroom to capacity, or that special situations

may exist as a result of analyses completed by the child study teams. The review team also realizes that “allowable capacity” means “maximum” number of students, not “recommended” number of students. However, it is imperative that the district continue its efforts to carefully scrutinize this matter annually in order to be certain that district resources are utilized to the fullest.

The review team analyzed the unused special education spaces in the district in terms of student age and special education category to see how many students could be returned to the district from out-of-district private and public placements, and then how many of the remaining spaces might be filled with students from other districts. LGBR shared the above with the district which eliminated from the calculations any students it believed could not be returned. The number of students who might have been returned would have resulted in reduced costs in 1996-97 of \$275,331.

However, in the two years since the 1996-97 school year the district has undertaken two initiatives, which have achieved these savings and more. First, it has moved aggressively to increase its use of available seats from the 73% in the 1996-1997 school year. This includes closely monitoring vacant spaces, consolidating classes where numerous vacancies exist, and bringing in from other districts appropriate emotionally disturbed children when excess spaces exist in these classes.

The second enhancement that the district has implemented since the 1996-97 school year, is a major initiative to expand in-district services to serve a wider variety of special education students. The district hired six new special education teachers, established seven more self-contained classes and strengthened its commitment to keeping children in the district. The impact of this effort is seen in the dramatic reduction in the number of out-of-district students. From the 1996-97 to the 1998-99 school year, this number decreased by 55 students or 40% as illustrated below.

Differences in the # of Students Placed Out-of-District During the 1996-97 & 1998-99 School Years				
	1996-97	1998-99	Amount of Decrease	% of Decrease
Public	44	26	18	40.9%
Private	83	56	27	32.5%
Total	127	82	55	40.0%

Using available cost data from the 1996-97 school year the team estimates that placing 45 less children in out-of-district placement saved the district \$664,335 over the two year period.

**The Toms River Special Education Program is commended for providing quality services while operating at low cost.**

#### **Special Education Medicaid Initiative**

The Special Education Medicaid Initiative (SEMI) is a joint project of the Departments of Education, Human Services and Treasury. The program is designed to claim Medicaid

reimbursement for certain related medical services provided to eligible special education pupils in a variety of settings including school districts.

The Toms River School District has participated in the SEMI program since November, 1995. The claims filed by the district have steadily increased over the years. During the 1997-98 school year, the district received \$38,952 for a total of \$72,000 since it began participating in the program.

In the Toms River Regional Schools, child study teams identify new SEMI participants and obtain the needed parental consent forms when students enter the district's special education program. The district periodically reviews its procedures to reduce paperwork and to ensure that it registers all eligible students.

In terms of services claimed, the district takes advantage of available options to claim a variety of services such as occupational therapy/physical therapy, counseling, and speech.

Compared to districts with a similar number of Medicaid eligible children, the Toms River Regional Schools are doing an excellent job. However, the district can do even better in two areas. First, in filing claims for reimbursements the team believes that the district's current six-month delay can be reduced significantly. The delay makes it more difficult to document claims because they are sometimes carried over from the prior school year. Second, it appears that more claims could be made for the nursing services, provided that proper documentation exists.

### **Recommendation:**

**The district should promptly submit claims for reimbursement and ensure that it claims all services provided, such as nursing. This should provide increased revenue.**

### **Basic Skills**

The Toms River School District offers a Basic Skills Improvement Program (BSIP) at all grade levels. Students are recommended to BSIP based on a needs assessment performed each spring. Using grade-appropriate multiple measures, including standardized tests, academic performance and teacher/administration recommendations, the needs assessment determines proficiency levels in cognitive and non-cognitive skills. All BSIP testing criteria and standards are set forth in the district's BSIP Procedures Manual which is updated annually. Seven of the district's 11 elementary schools are designated Title I Schools, as is one of the two intermediate schools. Designation as a Title I school is determined by comparing each school's level of eligibility to the district level of eligibility, which is based on participation in the free and/or reduced lunch/milk program. A school qualifies for Title I funding/services if its level of eligibility is the same or greater than the district level of eligibility.

BSIP instruction in the three district high schools takes place in specially designated classes. Toms River School District's elementary school BSIP consists of Kinder Plus for the youngest children, and Project EXCEL for the remaining elementary students. Project EXCEL, and the district's "sister program" Project Pride, provide students the opportunity to receive instruction

with regular classroom teachers during the hour preceding or following the normal school day. All off-hours transportation for these two programs is provided by the district. Project Pride was created by the district for those students who perform just above the basic skills levels and, therefore, are not eligible for BSIP instruction, but are still considered to be in need of additional academic assistance. While Project EXCEL is federally funded, Project Pride is funded by the district.

Intermediate school students requiring basic skills improvement instruction are placed in one of two smaller class remedial and developmental reading programs rather than in the regular reading program. For supplemental instruction in mathematics, a basic skills mathematics teacher assists students in the regular classroom. The intermediate school BSIP writing program has students leave the regular classroom for special instruction in another room one day per week.

District figures show that its BSIP enrollment has declined slightly over the past three years despite an overall increase in student enrollment.

#### **Toms River Regional School District BSIP Enrollment**

1995-96: 2,478 students  
 1996-97: 2,338 students  
 1997-98: 2,333 students.

Toms River's 1996-97 remedial basic skills costs are listed below with those of the comparison districts.

<b>District</b>	<b>Total Cost*</b>	<b>Per Pupil Cost Budget %**</b>	
<b>Toms River</b>	<b>\$1,965,733</b>	<b>\$114</b>	<b>1.07%</b>
Brick	\$1,494,711	\$142	2.25%
Edison	\$2,651,906	\$212	2.93%
Hamilton	\$1,095,231	\$90	1.26%
Woodbridge	806,481	\$69	.88%

Sources: \*District CAFR. \*\*1997-98 NJSBA Cost of Education Index

The above information is based on the district-wide population, placing Toms River in the middle of the comparison districts with regard to per pupil dollar expenditures for basic skills.

District officials explained to reviewers that Project EXCEL has been cited by the New Jersey Department of Education as an innovative model basic skills program. It has been visited and studied by a number of other districts in the state.

#### **Gifted and Talented Program**

The district offers a gifted and talented program from kindergarten through twelfth grade for qualified students. At the elementary and intermediate levels, this is a school-based program with both in-class and pull-out components. The gifted and talented program provides enrichment opportunities for seventh grade students and accelerated learning for eighth graders.

The high school gifted and talented program includes accelerated course selection, independent study and a variety of advanced placement courses. Students who have demonstrated advanced abilities may utilize the district's early college admission policy to enroll in full-time college degree programs in lieu of senior year studies in the district. The district also offers a maximum of \$500 to qualified high school students wishing to develop exceptional abilities and talents in a planned instructional experience outside of the district program.

### **Computer Technology**

Technology is a major focus for the Toms River Regional School District. In a broad sense this includes training at the educational, support service, and administrative levels, as well as acquiring computer equipment and peripherals. The district has accomplished a great deal through partnerships with businesses, neighboring communities, and students and parents. Likewise, through complementary and united efforts by the board of education, administration, and the entire staff, the district has realized high dividends.

#### Technology Lab, Donations, and Other Funding

The Toms River Regional School District opened its state-of-the-art Technology Training Center in summer 1998. The \$300,000 computer training and teleconferencing center, located in the administration building, was made possible through donations of money, equipment, and services from area banks, a cable TV company, a computer corporation, and a local business supply company. During the summer of 1998, more than 800 teachers completed the first level of computer technology training, which included internet access classes. Additional funding or equipment has been received from: the Parent-Teacher Organizations (PTOs), which in June 1998 collected more than \$80,000 in a district-wide "Walkathon for Technology"; the United States Army's Fort Monmouth which donated 400 used personal computers; a \$146,480 Universal Service Fund grant approved in January, 1999 and used for various functions such as facility maintenance, security, and telecommunications; and donations from a local TV cable company which saved the district \$140,000 relative to Internet connections and usage.

#### Internet Access

Every school has the capability of accessing the Internet through the computers located in the library-media centers. The district has 1,000 pages on its various web sites, which include over 800 staff member web pages. Board policy on Internet usage requires that grades 7 through 12 establish a signed student-parent agreement committing to prescribed Internet usage guidelines. The district has a security-screening program on each proxy server that is installed at each school to protect against unauthorized access and usage of various systems and programs. Likewise, parents are informed about the security measures that can be taken in the home to prevent improper use of the Internet.

#### Software Licensing and Internal Control

When computer software is purchased, the district is obligated by law to secure a licensing agreement(s) with the vendor. To ensure proper licensing, the district technology support staff are prohibited from installing software on any district-owned and operated computers unless the original packaging is provided and there is no evidence that it has been tampered with. Licensing and internal controls are handled appropriately by the district.

### Technology Plan

The district's five-year Technology Plan describes its present and future directions and goals regarding the use of computer technology as a learning tool. The plan includes an up-to-date inventory of equipment, peripherals, and software. Likewise, it defines an "acceptable use policy" and an agreement that applies to all users. Efforts are continuing in order to enhance and modernize the district's technology capabilities, including a more detailed inventory. The remaining wiring projects for the library-media centers and classrooms were scheduled for completion by the beginning of the 1999-00 school year. The district also hopes to provide 1,000 new computers in the classrooms at the same time.

### System Support and Service

Technicians and other staff members assigned to the Data Processing Department primarily provide computer technology support. In addition, one teacher from each of the five secondary schools provides instruction for two periods each day as well as serving as a technology assistant and network administrator. Software-related issues are handled by district personnel, whereas hardware questions usually require the services of a contracted vendor.

The district contracts with a vendor on the basis of "time and materials" to handle repairs on equipment that is no longer under warranty. New equipment is purchased with a three-year parts and labor warranty. When wiring is required the district uses facility maintenance staff as "cable-pullers," which is how the Internet connections were installed.

### **Recommendations:**

**The LGBR team suggests that the district seek out partnership opportunities for cooperative sharing of systems, applications, and training with other school districts and municipal bodies.**

**The LGBR team suggests the following as examples of ways to share district technology skills with the community: permitting high school students to assist local governments with their internet web sites; exploring establishment of a joint management information system with local municipalities; and utilizing the district technology lab for a training center as local municipal employees.**

### Network, Applications and Systems

- An electronic network links the curriculum activity at the high schools and intermediate schools. The intent is to expand this function to the elementary schools. Likewise, this expansion will include many of the business and operational functions in the support units that are external to the school facilities.
- An automated "substitute teacher call-in system" allows for automatic and immediate communication to substitute teachers after a staff call. The system also allows employees to obtain up-to-date information about their sick, personal, and vacation time allotment. As a

result of the automated system, two full-time and one part-time clerical positions were eliminated. Moreover, a neighboring school district pays \$6,000 per year to use the service.

- A pilot program that performs the clerical functions of report card preparation was installed in two elementary schools during the 1997-98 school year.
- A “student information system” is available through an electronic network at each of the three high school guidance offices. The system provides guidance counselors access to student information including class scheduling. Students can also use the system to assist with the planning of post high school careers. A pilot program known as the “student identification card system” was installed at Toms River High School East to provide an easier and more precise method of identifying students and teachers. The system usage is intended for all school functions as well as to record school library transactions. An “automated cash register system” has been installed in the cafeterias of two elementary schools as another pilot program. The system produces a picture of the student after the account number is entered through an electronic keypad. A cafeteria staff member reviews the student information to determine if there are any dietary restrictions. The system also examines the information to determine if the child is entitled to a free or reduced price lunch. The student’s privacy is always protected since there is no exchange of money at this juncture the funds are deposited into the account beforehand.
- The administrative offices in the schools, at the support service departments, and in the business office at the administration building, use “productivity” software, including word processing, database, and spreadsheets. In-service training is available to the professional and clerical staff as needed and the software is updated as required.

**The LGBR team compliments the district for employing a “substitute teacher call-in system” which rendered a staff reduction of two full-time and one part-time clerical positions.**

**The LGBR team compliments the district for offering its “substitute teacher call-in system” to a neighboring district on an annual lease basis.**

**The district is commended for effective and varied technology training and use.**

#### Library-Media Centers Organization

The district currently operates 16 library-media centers, one in each school. All library-media professionals report directly to their building principal. There is no district-wide coordinator for the centers or their professional staff. A district-wide coordinating position existed previously, however, it was eliminated through attrition due to budgetary constraints.

#### *Hours of Operation*

Schedules are developed at the school level; all library-media centers are open for use during the full school day, five days per week. The high school and intermediate school libraries are open

an additional hour at the end of the day to accommodate the students' need for library-media services outside of class time.

*Staffing*

One full-time professional who serves as a librarian and a media specialist staffs each library-media center. All library-media specialists work under a 10-month contract except for the staff

member assigned to Toms River High School East who holds the one 12-month library-media contract in the district. This position is addressed in section III of this report, "Collective Bargaining Issues."

Support staff are assigned to each library-media center and are apportioned according to grade level. One full-time, 10-month support person is assigned to each of the 11 elementary schools and the intermediate school library-media centers. Each high school library-media specialist is assisted by two full-time support staff, one of whom works a 10-month contract, the other a 12-month contract.

#### *Equipment and Applications*

The high schools and elementary schools have a computer activity area in each library-media center. The media center computers are equipped with CD-ROM in addition to having Internet access capability.

The elementary school media centers each received four new computers during the 1998-99 school year as a result of the district's technology committee's efforts and an appropriation from the district's technology foundation.

#### *Budget Preparation*

The elementary library-media budget is the responsibility of an assistant superintendent. Another assistant superintendent is responsible for the intermediate and high school library-media budgets. The two assistant superintendents, the school business administrator, as well as other administrators assist the school principals with the preparation of their library-media budgets.

#### *Expenditures*

The district has decreased its library-media expenditures by almost one-third over the past four years. The district's CAFRs show school library-media services expenditures for the four school years as follows: 1994-95 = \$2,834,125; 1995-96 = \$2,304,856; 1996-97 = \$2,113,422, and 1997-98 = \$1,961,934.

The spending cuts were largely the result of reductions in state aid and redirection of funds to technology. Certain technology expenditures, such as those used for the electronic library systems, have helped to absorb the impact of the budget cuts.

Despite the above cut-backs, district per-pupil library-media services expenditures are the highest of the five comparison districts, and place the district slightly above state average in dollar expenditures and budget percentage:

**School District Comparisons of Library-Media Expenditures  
1996-97 School Year**

<b>School District</b>	<b>Toms River Regional</b>	<b>Brick Township</b>	<b>Edison Township</b>	<b>Hamilton Township</b>	<b>Woodbridge Township</b>	<b>State Average</b>
Per-Pupil Expenditure	\$123	\$102	\$86	\$82	\$115	\$118
Percentage of Budget	1.83%	1.61%	1.19%	1.15%	1.46%	1.54%

Source: NJSBA 1997-98 Cost of Education Index

**Additional Technology Applications**

The district has a wide variety of future plans to expand the use of technology. These include:

- Expanding the “student information system” to the intermediate schools.
- Revising the Continuing Education Units (CEU) information system to provide greater efficiency and reduce clerical staff involvement.
- Revamping the personnel system to interact with the new payroll system and the CEU reporting system.
- Reviewing the in-house warehouse system. This will be done to take advantage of state-of-the-art software while considering use of state and private vendors to replace part or all of district warehousing.
- Continuing expansion of the district’s e-mail system, and an Internet e-mail system. Completing plans for expansion of the elementary school automated cafeteria cash register to several additional locations. The district will attempt to link these sites to the central computer system to facilitate federal lunch reporting.
- Continuing examination of options for computerized bus routing. The district plans for student transportation record-keeping to be maintained internally while routing would become an external operation.
- Considering installation of a remote access server to make available dial-up information access on a 24-hour basis.

**Non-public School Services**

Non-public schools in New Jersey may apply to the New Jersey Department of Education for funding of certain auxiliary services. It is the Local Educational Agency’s (LEA) function to provide to the non-public schools the specific services for which funds are awarded.

Auxiliary services to the non-public schools in the Toms River Regional School District were funded through state aid for the 1996-97 school year in the amount of \$599,421 as follows:

State Aid for Nonpublic School Auxiliary Services  
1996-97 School Year

Textbooks . . . . .	\$83,992
Nursing . . . . .	\$125,399
Supplemental Instruction . . . . .	\$28,592
Exam. and Classification . . . . .	\$60,228
Transportation . . . . .	\$12,321
Home Instruction . . . . .	\$19,175
ESL . . . . .	\$2,293
Compensatory Education . . . . .	<u>\$165,982</u>
<b>Total</b>	<b><u>\$599,421</u></b>

In the 1996-97 school year, the Toms River School District provided auxiliary services to three local non-public schools. While the state aid in support of these services is applied for directly by the non-public schools, the LEA is charged with their receipt, distribution and, where less than the full amount of funds is expended, their return to the New Jersey Department of Education. In the Toms River School District, this function is the responsibility of the district's director of adult schools and basic skills.

During the 1996-97 school year, several of the non-public school services were provided directly by district personnel; others were provided by the district under contract with private vendors. There was no return of non-public school state aid monies at the close of the 1996-97 school year as all funds were expended in delivery of the above services.

**English as a Second Language (ESL)**

The district has developed and adopted a full ESL curriculum for its Limited English Proficiency (LEP) students.

At the elementary school level, Toms River School students requiring ESL instruction receive these services at their neighborhood school. Intermediate school students also receive instruction at their regularly scheduled school.

For high school students, Toms River High School East is the district's ESL high school. Students from the other two district high schools who require ESL classes are bused to Toms River High School East where they have either one or two periods of ESL instruction per day, depending on need, before traveling back to their regularly scheduled high school.

In addition, classes in ESL and English for the Foreign Born (EFB) are offered through the adult school as described in the EFB section below.

**Summer School**

The Toms River School District is the only district in this area of Ocean County offering summer school classes. Consequently, students from a number of neighboring districts attend summer

school in Toms River. In-district students attend summer school free of charge. In 1998, students from out-of-district paid tuition and fees of \$200 per course. Over the course of the review, district officials commented on summer school expenses and the financial burden Toms River bears as the only district in this area of Ocean County to offer summer school classes.

All summer school classes are held at Toms River High School East. Teacher salaries for summer school are determined by the superintendent and the board of education and are not subject to formal contract negotiations.

The district has contained its summer school expenditures to within 5% growth over the three-year period reviewed while student enrollment has remained steady at about 750 students.

### **Recommendation:**

**Given the district's concern about the expense it bears in offering summer school classes to numerous students from outside the district, it is recommended that the administration explore alternate means of ensuring that this service is available to students. For example, the district might seek out two or three neighboring districts in an effort to form a coalition for the purpose of running the summer school classes in each district by alternating years among the member districts. This would cut Toms River's Summer School expenses by 25% to 33%. These projected savings might be reduced due to added transportation costs. Alternatively, the district could join with interested neighboring districts to discuss with the Monmouth Ocean Education Services Commission the possibility of having the commission create an affordable alternative available to all interested districts.**

### **Adult Programs**

The Toms River School District offers a variety of adult programs. The district's stated mission in this endeavor is to serve the secondary, post-secondary and continuing educational and vocational interests of the regional community.

The district's 1997-98 Adult High School provided instruction four evenings per week from 6:00 p.m. to 10:00 p.m. at Toms River High School North. The district's Adult High School offers a complete series of courses leading to the acquisition of a high school diploma. General Education Development (GED) testing and instruction are offered for \$95. Post-graduate classes are offered at a cost of \$65. All English as a Second Language (ESL) and English for the Foreign Born classes are offered at no cost.

In the 1997-98 school year, 127 students attended the adult school full-time, with 41 additional students attending part-time. These figures include the district's adult ESL students, but do not include enrollment in the district's English classes for the foreign born, described below.

### **English for the Foreign Born**

Most striking to LGBR was the community's response to the free English for the Foreign Born (EFB) classes offered by the Toms River School District through its Adult High School. The purpose of this program is to provide basic communication skills in order to enable participants

to interact successfully in the mainstream culture and to develop confidence in their ability to communicate in an English-speaking environment. As described by the district, this program is designed for newly-arrived (port-of-entry) immigrants who have not yet acquired a rudimentary ability to communicate in English. Citizenship preparation and work force readiness are vital components of these classes. District officials explained that the EFB program is one way in which they attempt to meet the special needs of Ocean County's transient immigrant population, many of whom reside during the off-season in summer rental housing or motels.

The district's EFB program enables students to enroll for evening classes at any time during the school year. Classes are held Tuesday and Thursday evenings at Toms River High School North. EFB enrollment has grown from 94 students in school year 1995-96 to 150 students in school year 1997-98. Reviewers were informed that there is a waiting list for these classes every year. In 1997-98, there was a waiting list of 20 students.

As noted above, the EFB program is funded through a state grant that requires matching funds from the district. District officials explained that no additional classes are offered, despite the demand, because the state EFB grant award is insufficient to cover the \$3,000 salary of one additional instructor needed to teach those local foreign-born residents wishing to learn English. The New Jersey State Board of Education's current ceiling on EFB grant funding is \$5,000. Toms River requests the full amount annually based on demand for these classes. According to the district's Comprehensive Annual Financial Report, it received \$4,409 in response to its EFB grant proposal for school year 1997-98.

#### **Recommendation:**

**The district is on track in identifying the educational needs of its adult community. However, the evening classes for the area's non-English-speaking adults are insufficient to meet the demand. These local residents have literally beaten a path to the district's door and are waiting for responsive action. LGBR urges the district to fund the additional \$3,000 required to pay the salary of the additional instructor needed for this program.**

**Value Added Expense: \$3,000**

**Alternatively, the district could appeal to the local community and several local civic organizations for funding for additional instructors to meet the needs of Ocean County's non-English-speaking residents who need to learn English. Organizations such as the state chapter of the League of Women Voters, the county and state bar associations, and the regional or state chapters of national attorney organizations, or ethnic organizations would be a logical starting point, but the need should be met.**

#### **Health Services**

The district contracts with a chief medical examiner and two additional physicians. The medical examiner is a district employee on annual contract. The other doctors are contracted on an hourly basis as needed. There are 24 school nurses who provide various medical services to approximately 18,000 students in 16 schools. Each of the three high schools and each of the two

intermediate schools has two nurses. The Hooper Avenue, Silver Bay, and Walnut Street elementary schools each have two nurses. Eight elementary schools have one nurse.

Some of the services provided by the doctors include physical examinations and health screenings. The services provided by the nurses include: assisting with physical examinations; screening for scoliosis; completing audiometric and visual screenings; reporting to the principal on any observations of communicable diseases; and maintaining student health records.

Over the last four school years, the district spent an average of \$1,505,671 per year for health services. Over the same period, health services salary costs averaged \$1,367,748 per year or 90.8% of expenditures.

#### Program Cost

The team compared the operating costs of Toms River's Health Services to the operating costs of districts with similar size and socioeconomic characteristics. It is important to note that the available data from the comparison districts, contained in the New Jersey School Boards Association's Cost of Education Index- 1996-1997, combines the costs of Attendance and Social Work Services with the costs of Health Services. However, in this combined category the costs of Attendance and Social Work Services represent only 5% to 15% of total costs in the several districts that the team sampled. Therefore, the team believes that these non-health costs do not significantly alter comparison figures.

The data indicate that, of the five districts compared, Toms River has the lowest cost per student for Health Services. According to the Cost of Education Index mentioned above, Toms River's 1996-97 health services cost per pupil was \$107. Other comparison district per pupil costs were: Edison, \$110; Hamilton, \$118; Woodbridge, \$134; and Brick, \$150.

Toms River keeps costs low by having its nurses do their own clerical work including record-keeping, filing and answering the telephone. This eliminates the need for clerical support. The nurses do audiometric and visual screenings. Some districts have doctors do this or they contract out for this service.

#### Quality Service

LGBR used several sources to evaluate the quality of health services. These sources were: site visits to each school; interviews with school nurses; an interview with the assistant superintendent who is responsible for health services; and discussions with the State Department of Health, Immunizations Unit.

The team believes that the district operates a quality health service. For example, of the 1,243 Pre-K, Kindergarten, and First-grade enrollments in the 1996-97 school year, 97.8% of them met all immunization requirements. According to the New Jersey Department of Health, Immunization Unit this is a good to excellent record. The Department of Health also spoke highly of the nursing staff and the quality of the work it receives from the district.

#### **Staff Development**

As stated in Toms River's Quality Assurance Annual Report, the district's philosophy in designing professional development opportunities is to make them student-focused and reflective of professional needs, while also underscoring the concept of collegiality. To this end, the district offers opportunities for staff development via three avenues:

- Continuing Education Units (CEU)

The district offers in-service workshops and educational programs for which it awards CEU credits. District officials provided LGBR a copy of their annual staff development report indicating that staff were offered over 200 opportunities to obtain CEU credit in school year 1997-98. By contract, 10 CEU workshop/program hours result in one credit; staff are paid \$250 for every five CEU credits earned, to a maximum of 25 credits or \$1,250. CEU credits are paid annually to staff, as a repeating expense to the district, until termination of employment. According to the district's annual staff development report, the district paid a grand total of \$391,750 for CEU credits in school year 1997-98. This figure includes all continuing payments for all CEUs earned by current staff members in prior years.

- Professional Leave

During the school year, and throughout the calendar year for 12-month employees, district staff may apply for professional leave for the purpose of attending workshops or conferences during a workday. According to the district's Professional Leave Report for School Year 1997-98, 1,356 professional leaves were granted at a cost of approximately \$9,400. Where necessary, substitute teachers were paid \$65 per day.

- Graduate Credit Reimbursement

By contract and upon timely application, fully certified tenured teachers and members of the administrative and supervisory council are eligible for reimbursement for graduate credits successfully completed during their employ with the district. This is a one-time, no carryover district expenditure. In school year 1997-98, the contractual rates of reimbursement were \$131 for teachers and \$142 for administration/supervisors, per credit hour. Documentation provided to the review team shows the district paid a total of \$34,337 in graduate credit reimbursement in school year 1997-98. N.J.A.C. 6:11-13 now requires 100 hours of continuing education for certified staff every five years. This could increase this cost in the future.

### **Guidance and Counseling Services**

The Toms River Regional Schools' Board Policy Number 6164.2 provides for the establishment of a guidance program to "be incorporated into the district's educational program to assist all students to mature in self-understanding, self-responsibility, and decision-making ability, as well as to attain attitudes, skills, and values required of productive citizens in our pluralistic society."

The student handbook, which is published by each high school, intermediate school and elementary school, introduces the students to their school's guidance counselors and counseling services. The handbooks provide information concerning the content and variety of guidance and counseling programs and activities offered at each school, and inform the student concerning the proper means of accessing these school services.

Individual school guidance handbooks, written for use by district professionals in the high schools, contain applicable policies, procedures, guidelines and forms, ensuring the uniform delivery of services within the context and spirit of the individual school. The guidance handbooks also contain written job descriptions for the guidance directors and guidance counselors.

The district's curriculum guide for guidance and counseling anchors the educational philosophy expressed in district policy. The guide identifies the scope of guidance and counseling services offered throughout the district. These include general guidance services targeting age-appropriate student needs within each of the three school levels, K-6, 7-8 and 9-12, as well as counseling on individual and small-group bases, substance awareness prevention and a variety of guidance services.

Elementary school counselors are available on an as-needed basis for classroom instruction in relevant areas such as decision-making/conflict resolution, transitional planning, study skills and test-taking skills. They assist in the coordination of professional services and provide individual and group counseling. The elementary and intermediate school counselors work with students and parents on transitional planning and orientation at the appropriate junctures. All school counselors participate in planning and coordinating the statewide testing program. In addition, counselors schedule classroom instruction time in the intermediate schools to instruct in study skills and review appropriate test taking skills and strategies.

A group of students from one of the district high schools, who were selected by the principal and met informally with the review team, named the guidance department as one of the school's major strengths. The students particularly appreciated the assistance they had received from counselors at the initiation of their high school years, and as seniors in making college and career choices. They stressed the success of their school's transitional "introduction night" at which parents and students are introduced to the high school during the summer before the student's freshman year.

High school guidance counselors emphasized the breadth and relevance of the activities offered through their offices. These include multi-phased and multi-tiered activities created in an effort to bring all students the maximum opportunities for personal growth during their high school years and to provide timely college and career information to students and their parents.

### Staffing

Staffing and scheduling for guidance and counseling is performed at the building level. All high school, intermediate and elementary school counselors are assigned students at each grade level within the building where they work.

Guidance and counseling, which falls under the responsibilities of the senior assistant superintendent, is headed by four directors, one located in each of the three high schools, and one assigned to oversee the intermediate schools. All guidance directors work directly with students, though none of them are assigned a specific portion of the school's student population. The staff assignments are listed below:

**Guidance and Counseling Staff  
1997-98 School Year**

<b>School</b>	<b>Directors</b>	<b>Counselors</b>	<b>Secretarial Staff</b>	<b>Secretarial Staff</b>
			<b>10-Month</b>	<b>12-Month</b>
High School East	1	5	0	5
High School North	1	6	1	4
High School South	1	5	0	4
Building J*	0	1.2	0	0
Intermediate School East	0.5	4	0	3
Intermediate School West	0.5	4	1	1
Elementary Schools	0	9	0	0

Note: All directors are 12-month employees with the exception of the director at Toms River High School North who works 11 months. All counselors are 10-month employees.

\*Building J contains the Alternative School and the program for emotionally disturbed students. The part-time counselor in Building J is a specialist whose services are required by needs identified in student IEPs.

In addition to the above, each high school guidance director is provided with one, eight-week counseling position during the summer months. The presence of a guidance counselor permits new students to enroll in a counseling program if they move into the district during the summer, and allows for ongoing guidance and counseling services. This part-time position pays a stipend of \$18 per hour. Similarly, another part-time counseling position is provided for up to eight weeks at each intermediate school during the summer program.

**Comparative Illustrations**

The following is a comparative illustration of the average student-counselor ratios provided for under the New Jersey Department of Education's Comprehensive Plan for Educational Improvement and Financing (The Comprehensive Plan). The Toms River ratios include the directors and guidance and career counselors. The special assignment counselors, such as the student assistance counselors working through the Alcohol and Substance Awareness Program and the counselors at the alternative school in Building J, are not included in these Toms River ratios.

<b>Student-Counselor Ratios 1996-97 School Year</b>		
<b>Grade Level</b>	<b>Toms River Regional Schools</b>	<b>New Jersey State Department of Education</b>
<b>Elementary</b>	1,068:1	500:1
<b>Intermediate</b>	298:1	337:1
<b>High School</b>	234:1	225:1

While district high school and intermediate school student/teacher ratios approximate those envisaged by the department of education, elementary school counseling service ratios are clearly not in line with this model. The district coordinates elementary-level counseling assignments so

that six of the eleven schools are assigned a full-time counselor, the remainder receiving counseling services on a part-time basis. No elementary school receives less than two and one-half days counselor services per week and procedures are in place to obtain services on an emergency basis. Nevertheless, principals and counselors alike noted that, under current circumstances, counseling services at the elementary level have become largely reactive rather than proactive.

The comprehensive plan provides for one administrative position, the principal, in its 500-student elementary school model. Three of Toms River's eleven elementary schools house less than 600 students and the majority house under 900 students, yet all eleven are assigned a second full-time administrator, the instructional coordinator. While the instructional coordinator performs a variety of administrative functions, the position is not called for under the Comprehensive Plan's 500-student model. This is not to say that Toms River elementary schools are overstaffed, but rather that a staffing decision was made in favor of the administrative position over other areas.

#### Alcohol and Substance Awareness Program

The district's Alcohol and Substance Awareness Program (ASAP) works as a crisis intervention service, providing assistance to students whose lives are impacted by substance abuse, incarceration or related issues. The program's narrower function thus distinguishes it from the Counseling and Guidance Program.

The ASAP exists to respond in emergency situations and to assist students and/or their families in identifying and contacting relevant public and private assistance programs where appropriate. A number of principals described the ASAP as "a most valuable" student support program. The ASAP is funded in part by Title IV, under the Safe and Drug-Free Schools and Communities Act.

The ASAP staff consists of a 12-month director, seven 10-month certified substance awareness coordinators who work as student assistance counselors, and a part-time consultant whose services are dictated by the needs identified in the students' IEPs. This position has been used to initiate a sixth-grade early intervention program. A 12-month secretary is responsible for the program's support service functions.

There is one substance awareness coordinator located in each high school and in each intermediate school. Building J, which houses the alternative program and the emotionally disturbed program, is assigned a substance awareness coordinator. One of the coordinators is located at Toms River High School East and also works throughout the district as the organizer of the Peer Educator, a peer learning program, and Together Everyone Achieves More (TEAM), a peer leadership program.

#### **Extracurricular Activities**

Extracurricular activities, consisting of school-sponsored athletics and co-curricular activities offered by the Toms River Regional Schools, provide students with a wide variety of learning activities outside the classroom experience. Board Policy Numbers 6145 and 6145.5 emphasize

the diversity of learning experiences and the opportunities that athletics and co-curricular activities afford “rather than . . . producing winning teams or providing entertainment.”

#### Athletics

All high school athletic programs are organized under the supervision of the district athletic director who is assisted by one full-time secretary. All high school coaches report to the athletic director. At the time of this report, the district was in the process of redirecting on-site athletics coordination at the high schools. Beginning in the 1998-99 school year, on-site coordination, which had previously been a stipend position held by an assistant principal at each high school, became the responsibility of an athletic coordinator. This arrangement provides each high school with an athletic coordinator who works in conjunction with the principal to manage the athletic activities. The annual stipend for this 1/5 position is \$4,362 under the 1997-2000 contract.

Athletics in the intermediate and elementary schools are organized by the building principal. During the 1996-97 school year, a teacher or coach assisted the school principal and was paid a contractual stipend of \$51.71 per event. That amount does not increase under the terms of the 1997-2000 negotiated agreement.

The high school and intermediate school students may select from among numerous interscholastic sports in which to participate. The district provides transportation when necessary for all high school and intermediate school interscholastic teams. The athletic director noted that he schedules 2,000 high school games per year. The district's first priority in athletics is to ensure a safe program. Beyond that, officials noted that the district's athletics program seeks to provide broad opportunities on an equal basis to all students.

Athletic competition in the elementary schools includes an interscholastic basketball league for fifth and sixth grade boys and girls. Depending on student interests, intramural teams are offered for basketball, volleyball, kickball and other sports. Elementary school sports are offered either before or after school but the district does not provide transportation to and from these events.

#### *The Budget Process*

The athletics program operates from a zero-based budget. In November of the preceding school year, the athletic director submits a preliminary budget to the senior assistant superintendent. The board secretary subsequently responds with the figure to be set aside for athletics in the proposed budget. Purchase orders go out from the athletic director's office after receipt of the final budget figures.

#### *Gate Receipts*

Spectators are charged admission for entrance to high school football, basketball and wrestling events. These gate receipts are deposited into the general fund. Records of gate receipts by school are provided in the athletic director's annual reports. Gate receipts are used in support of the athletics program for repair and renovation of playing fields and gyms.

#### Student Clubs

Students have the opportunity to join school-sponsored clubs that address a variety of interests. The high schools offer the greatest number of clubs, however, activity clubs such as band, chorus

and computer club exist to address the interests and needs of the upper level elementary school students also. Board Policy Number 6135 requires that each club have a faculty sponsor and prior approval by the school principal for all fund-raising activities. The club sponsors are paid either an hourly or annual stipend depending on the type of club.

#### Booster Clubs

A number of booster clubs exist in support of high school athletic sports. The booster clubs are established as self-sufficient, non-profit corporations. All gifts, monetary or otherwise, donated by the booster clubs in support of the extracurricular programs, require board approval prior to acceptance. The district recognizes special interest booster clubs at the high schools. The elementary and intermediate schools benefit from parent booster clubs in support of general school programs.

#### Expenditures for Athletics and Other Extracurricular Activities

The discussion of this area of extracurricular activities can be found in section III of this report, "Collective Bargaining Issues."

### **business office operation**

#### **Surplus**

Undesignated fund balance or "surplus" is the amount of money a district holds in reserve. Excess funds at year end after revenues and expenses are recorded supplement the fund balance.

N.J.S.A. 18A:7F-1 to 18A:7F-34, the Comprehensive Education Improvement and Financing Act of 1996 (CEIFA), stipulates that when a district's undesignated general fund balance is in excess of 6% for the first \$100 million for the undesignated general fund, and in excess of 3% of the amount which exceeds \$100 million, this amount shall be appropriated for tax relief.

The State of New Jersey does not stipulate the amount of "surplus" a district should maintain, except in setting a maximum allowable percentage. The purpose of maintaining a reasonable amount of surplus is to retain funds for emergency and/or unexpected situations. It is the responsibility of the district to establish and adhere to sound financial controls to ensure that surplus funds are accurately estimated and used for their intended purpose.

#### Revenue and Expenditure Projections

Specific elements of school district revenues and expenditures exist that enable districts to estimate surplus with a reasonable degree of certainty. Revenues are not always received on a timely basis and expenditures may vary from month to month. Consequently, a district may adjust its cash flow projections at different times during the year.

Over the past three school years, 1994-95 through 1996-97, local revenue sources for Toms River Schools constituted 50% to 60% of total funding sources. State sources contributed over 40%. The remainder of the funding was provided by federal sources.

The budgeted amounts for most of the anticipated revenue categories were virtually the same as the actual ones with the exception of other revenue from local sources, which included tuition, interest on investments, and miscellaneous income. For the most part, these categories were underestimated.

### Revenue Estimates

#### *Tuition*

During the 1994-95 school year, the “tuition” budget estimate of \$100,000 was \$207,553 or 207.6% below the actual receipts of \$307,553.

Likewise, during the 1995-96 school year, the “tuition” budget estimate of \$100,000 was \$124,807 or 124.8% below the actual receipts of \$224,807.

During the 1996-97 school year, the “tuition” budget estimate of \$237,000 was \$8,440 or 3.6% below the actual receipts of \$245,440.

#### *Interest on Investments*

During the 1994-95 school year, the “interest on investments” budget estimate of \$500,000 was \$381,858 or 76.4% below the actual receipts of \$881,858.

Likewise, during the 1995-96 school year, the “interest on investments” budget estimate of \$768,400 was \$226,588 or 29.5% below the actual receipts of \$994,988.

During the 1996-97 school year, the “interest on investments” budget estimate of \$800,000 was \$177,812 or 20.2% above the actual receipts of \$702,188.

#### *Miscellaneous Income*

During the 1994-95 school year, the “miscellaneous income” budget estimate of \$216,449 was \$13,394 or 6.2% above the actual receipts of \$203,055.

Likewise, during the 1995-96 school year, the “miscellaneous income” budget estimate of \$109,380 was \$216,834 or 198.2% below the actual receipts of \$326,214.

During the 1996-97 school year, the “miscellaneous income” budget estimate of \$257,673 was \$247,038 or 95.9% below the actual receipts of \$504,711.

When revenue categories are underestimated to this degree, it suggests that taxes may have been levied unnecessarily.

The following table illustrates the district’s revenue distribution for the school years from 1994-95 through 1996-97.

**Toms River Regional School District**  
**Revenue Variance Analysis by Category Source**  
**Based on the CAFR For Fiscal Years Ended 1995-1997**

	1995				1996				1997			
	Budget	Actual	Variance fav/(unfav.)	% inc/dec	Budget	Actual	Variance fav/(unfav.)	% inc/dec	Budget	Actual	Variance fav/(unfav.)	% inc/dec
<b>General Fund</b>												
Local Sources:												
Local Tax Levy	\$73,996,691	\$73,996,691	\$0	0.0%	\$72,010,675	\$72,010,675	\$0	0.0%	\$72,731,679	\$72,731,679	\$0	0.0%
Tuition	\$100,000	\$307,553	\$207,553	207.6%	\$100,000	\$224,807	\$124,807	124.8%	\$237,000	\$245,440	\$8,440	3.6%
Interest on Investments	\$500,000	\$881,858	\$381,858	76.4%	\$768,400	\$994,988	\$226,588	29.5%	\$880,000	\$702,188	(\$177,812)	-20.2%
Budgeted Fund Balance	\$8,864,009	\$8,864,009	\$0	0.0%	\$10,356,759	\$10,356,759	\$0	0.0%	\$0	\$0	\$0	0.0%
Miscellaneous	\$216,449	\$203,055	(\$13,394)	-6.2%	\$109,380	\$326,214	\$216,834	198.2%	\$257,673	\$504,711	\$247,038	95.9%
Subtotal-Local Sources	\$83,677,149	\$84,253,166	\$576,017	0.7%	\$83,345,214	\$83,913,443	\$568,229	0.7%	\$74,106,352	\$74,184,018	\$77,666	0.1%
State Sources:												
Foundation Aid	\$43,330,278	\$43,357,679	\$27,401	0.1%	\$44,576,381	\$44,576,381	\$0	0.0%	\$44,566,381	\$44,566,381	\$0	0.0%
Transportation Aid	\$4,766,032	\$4,766,032	\$0	0.0%	\$3,823,097	\$3,823,097	\$0	0.0%	\$3,823,097	\$3,823,097	\$0	0.0%
Special Education Aid	\$5,901,747	\$5,901,747	\$0	0.0%	\$5,979,278	\$5,979,278	\$0	0.0%	\$5,979,278	\$5,979,278	\$0	0.0%
Bilingual Education	\$68,993	\$68,993	\$0	0.0%	\$68,993	\$68,993	\$0	0.0%	\$68,993	\$68,993	\$0	0.0%
Aid for At-Risk Pupils	\$1,574,334	\$1,574,334	\$0	0.0%	\$1,574,334	\$1,574,334	\$0	0.0%	\$1,574,334	\$1,574,334	\$0	0.0%
Other	\$0	\$0	\$0	0.0%	\$0	\$0	\$0	0.0%	\$0	\$26,548	\$26,548	100.0%
On-Behalf TPAF Pension	\$0	\$0	\$0	0.0%	\$0	\$640,024	\$640,024	100.0%	\$0	\$2,145,715	\$2,145,715	100.0%
Reim. TPAF Social Sec.	\$0	\$0	\$0	0.0%	\$0	\$5,011,632	\$5,011,632	100.0%	\$0	\$5,144,765	\$5,144,765	100.0%
Subtotal-State Sources	\$55,641,384	\$55,668,785	\$27,401	0.0%	\$56,022,083	\$61,673,739	\$5,651,656	10.1%	\$56,012,083	\$63,329,111	\$7,317,028	13.1%
Subtotal-Federal Sources	\$0	\$25,627	\$25,627	100.0%	\$20,000	\$33,046	\$13,046	65.2%	\$25,000	\$368	(\$24,632)	-98.5%
Total Revenues	\$139,318,533	\$139,947,578	\$629,045	\$0	\$139,387,297	\$145,620,228	\$6,232,931	\$0	\$130,143,435	\$137,513,497	\$7,370,062	\$0

### Salary Expenditures

Approximately 66% to 68% of the district's expenses are for salaries. Theoretically, these costs can be estimated with a reasonable degree of accuracy with the exception of contract renewal years. The average salary estimates were \$2.5 million per year higher than the actual costs during the 1994-95 through 1996-97 school years. However, cost estimates gradually became more accurate in the later years. Typically, aggregate salary estimates are higher than actual expenditures as a result of terminations, retirements, and new hires.

### Other Expenditures

The remaining budget estimates are less predictable although some projections can be determined with the help of multi-year contracts and purchase agreements. Some of these elements are attributed to special education needs, enrollment changes, transportation services, and facility improvements.

### Actual and Estimated Surplus Balances

A district's ability to estimate surplus is a product of sound financial controls. In addition, these controls help to ensure that adequate monitoring exists to achieve accurate revenue and expense estimates. Moreover, these components enable a district to take corrective action when unexpected changes occur.

The following table illustrates the district's surplus activity for the school years from 1994-95 through 1996-97.

**Toms River Regional School District  
Surplus Analysis - General Fund**

**Based on the CAFR for Fiscal Years Ended 1995-1997**

General Fund	1995			1996			1997		
	Budget	Actual	Chg. %	Budget	Actual	Chg. %	Budget	Actual	Chg. %
Local Sources	\$83,677,149	\$84,253,166	0.69%	\$83,345,214	\$83,913,443	0.68%	\$74,106,352	\$74,184,018	0.10%
State Sources	55,641,384	55,668,785	0.05%	56,022,083	61,673,739	10.09%	56,012,083	63,329,111	13.06%
Federal Sources	-	25,627	100.00%	20,000	33,046	65.23%	25,000	368	-98.53%
Total Revenues	139,318,533	139,947,578	0.45%	139,387,297	145,620,228	4.47%	130,143,435	137,513,497	5.66%
Total Expenditures	139,318,533	123,024,408	-11.70%	139,387,297	136,990,241	-1.72%	139,927,767	142,906,579	2.13%
(Over)/Under Expended	-	16,923,170		-	8,629,987		(9,784,332)	(5,393,082)	-44.88%
Other Sources(Uses)	-	(8,864,009)		-	(13,326,513)		9,784,332	-	-100.00%
Surplus or (Deficit)	-	8,059,161		-	(4,696,526)		-	(5,393,082)	
Beg. Fund Bal.	10,816,799	10,816,799	0.00%	18,875,960	18,875,960	none	14,179,434	14,179,434	none
Ending Fund Bal.	10,816,799	18,875,960	74.51%	18,875,960	14,179,434	-24.88%	14,179,434	8,786,352	-38.03%
Fund Bal./T. Exp.	7.764%	15.343%		13.542%	10.351%		10.133%	6.148%	

- During the 1994-95 school year, the general fund was under-expended. This generated \$8.1 million in surplus funds resulting in a year-end fund balance of \$18.9 million.
- Likewise, during the 1995-96 school year, the general fund was under-expended and additional revenues were received. However, expenditures exceeded projections by \$4.7 million due to a \$3.0 million obligation in non-budgeted health benefits as well as the appropriation of \$10.3 million surplus. Consequently, the year-end fund balance declined to \$14.2 million.
- During the 1996-97 school year, general fund expenditures exceeded projections by \$5.4 million, resulting in a year-end fund balance of \$8.8 million.

**Recommendation:**

**LGBR recommends that the district monitor expenditure projections carefully. It would be helpful if a more precise method of estimating revenue could be employed. In addition, the district should monitor its general fund balance closely.**

Capital Reserve Account

Pursuant to N.J.S.A. 18A:21-1 to 18A:21-5, New Jersey school districts are permitted to establish capital reserve accounts to accumulate funding for non-recurring projects commencing in subsequent years, as well as to relieve a fiscal burden when emergency funding is required. Presently, Toms River Regional Schools does not maintain a capital reserve account.

**Recommendation:**

**The LGBR team suggests that the board consider establishing a capital reserve account to fund major facility repairs.**

**Grants**

The Toms River Regional School District Board Policy Number 3820, entitled Gifts, Grants and Bequests, encourages staff members to seek out sources of grants and gifts. The policy provides

that all information concerning proposed grants and gifts be submitted to the superintendent who reviews the application or proposal and provides his recommendation to the board for its approval.

In studying the grants received by the district, the LGBR team spoke with the writers and examined copies of the original applications, awards, and expenditure reports. An analysis of the Consolidated Annual Financial Reports (CAFRs) and relevant curriculum materials was included in the review.

#### Application Process

Grant applications in the district are generally the responsibility of the central office administrator who oversees the program area benefiting from the grant; the district does not have a full-time grant writer or a central grant application office.

Over the three-year period reviewed, district grant applications dedicated a large percentage of grant monies to establishing technological capacity and technological support where none existed previously, and to updating and expanding the existing technological support component of the educational program. Certain grant monies were conditioned on technological enhancement, while for others the technological focus was district-initiated.

#### State and Federal Awards

Toms River Regional Schools received \$9,393,475 in state and federal grants over the last three school years 1995-96, 1996-97 and 1997-98. Of this amount, \$14,968 was forfeited as unexpended funds.

School Year	State Awards	Federal Awards	Combined State and Federal	Unexpended Funds(Forfeitures)
1995-96	\$674,112	\$2,245,991	\$2,920,103	\$3,139
1996-97	749,159	2,267,675	3,456,538	7,279
1997-98	1,934,899	1,521,639	3,016,834	4,550
<b>Total</b>	<b>\$3,358,170</b>	<b>\$6,035,305</b>	<b>\$9,393,475</b>	<b>\$14,968</b>

Sources: District CAFRs for FY's 1997 and 1998

#### **Recommendation:**

**The district should make every effort to expend all grant monies.**

#### **Gifts**

The Toms River Regional Schools benefit from personal and corporate philanthropy as a growing source of revenue enhancement. Donations from the private and public sectors have come about as a result of district-initiated efforts over the past several years. The district has informed local residents and various corporate entities of the fiscal limitations it faces; these communities have responded generously when informed of district projects.

#### Business Partnerships

The board of education has been concerned about rising costs. In response to this, the district reached out to the corporate community and established “Business Partnerships” which have greatly benefited the district, particularly with computer technology. Among other gifts, these business partners have donated labor and materials as well as computer hardware and software. These included: electronics for network cabling and network set up; district-wide internet access; and computer equipment and file servers for the district's technology center. Some schools were also direct beneficiaries of gifts.

#### Parent-Teacher Associations

In addition to “Business Partnerships” fostered by the district administration, parent-teacher groups have donated increasing amounts of money to the district in the three fiscal years reviewed. Current board policy requires all parent-teacher group donations to be submitted through the superintendent’s office for review and approval by the board. It is the board’s vote that determines the use to which all monetary donations will be put.

#### Student Participation

Students also are involved in fund-raising efforts, although board policy limits student fund-raising activities. Funds raised by district elementary students in a recent “Walk for Technology” are being used for the purchase of technological equipment and supplies to benefit the elementary schools.

#### Cash Donations

According to figures provided by the district, monetary gifts have increased from approximately \$1,500 to \$184,430 during the school years from 1994-95 to 1997-98, respectively. Most recently, a prominent local resident created a trust fund with interest payments to benefit the district. The district received its first interest payment of \$10,762 from the trust in April, 1999.

#### Technology Foundation

The district also stands to benefit from the Toms River Regional Schools Technology Foundation, Inc. The foundation was established during the early part of the 1998-99 school year. The foundation is an independent legal entity. As such, it is separate and distinct from the Toms River Regional Schools. The foundation is governed by a board of directors and, according to its articles of incorporation, was established, in part, to aid the board of education in carrying on the educational goals of the institution and to assist the board in the development and growth of district facilities. The primary motive for establishing the foundation was the defeat of the budget and an accompanying technology question submitted to voters in the spring of 1998. As of May, 1999, the foundation had received \$111,129 in donations.

#### **Cash Management System**

The cash management functions are the responsibility of the bookkeeper that reports to the school business administrator. Although the business administrator is not involved with the process on a day-to-day basis, he regularly monitors the operations and is ultimately responsible for investment decisions.

The district maintains the majority of its operating accounts with a primary community bank. The district also utilizes the New Jersey Cash Management Fund (NJCMF), the New Jersey Arbitrage Rebate Management Program (NJ/ARM), and Certificates of Deposit in order to achieve the higher interest rates.

#### Cash Management Plan

The district's fiscal management policy supports its goals while encouraging prudent financial planning, exploring all sources of revenues, and implementing sound fiscal procedures. A review of the financial statements indicates that the district implements healthy investment strategies and employs a well-organized fiscal management process.

#### General Operating Cash Accounts

The district maintains seven checking accounts with its primary bank for general operating purposes as follows: general; payroll; payroll agency; direct deposit; employee savings bond; unemployment trust; and bond and interest.

The district also holds general fund, partial self-insurance, and unemployment insurance accounts with the New Jersey Cash Management Fund. Similarly, certificates of deposit are maintained with a secondary community bank for the general fund and partial self-insurance accounts.

#### Banking Relationship

The district does not have a written agreement with its primary bank describing the services provided. The district has maintained accounts with its primary bank for the past seven years. A bank representative meets with the district annually to review the accounts and services and is also available on an as-needed basis.

#### Request for Service Proposal

The district sought proposals from various banks six years ago. Recently, a bank offered a proposal to the district. However, after reviewing the proposal, the district chose to remain with its present bank, having deemed its services more suitable.

#### **Recommendations:**

**The LGBR team recommends that the district obtain a written agreement outlining the banking services being provided, the cost per unit of service, the manner in which these costs will be paid, and other relevant information.**

**The LGBR team recommends that the district request proposals for banking services every three to four years and carefully review the proposals in order to ensure that it is receiving the best services for the lowest compensating balance requirement.**

#### Account Maintenance

The general operating accounts, as well as several student activity and scholarship accounts are maintained under a "monthly account analysis." This process aggregates the ending daily cash balances in order to maximize the funds available for investing. Hence, higher interest earnings can be achieved which are subsequently credited back to the general fund.

A minimum fund balance is maintained in the general fund and is used specifically for the daily disbursements for general operations. A “controlled disbursement system” which is provided by the primary bank, makes available an immediate and up-to-date account balance. This enables the district to determine if funds are available to meet its daily obligations or if an electronic transfer must be initiated from the New Jersey Cash Management Fund. The district’s method of maintaining the general fund and cash management fund allows for the retention of cash in an account that pays a higher rate of interest.

#### Interest Earnings

The district seeks competitive rates from various banks when investing in certificates of deposit. The business office staff is proficient in seeking high yield investments and maintaining a daily cash flow for its business accounts. In addition, the business office uses the primary bank’s electronic financial management resources to conduct transactions and verify balances (on-line banking).

The district maintains the majority of its funds in high interest-bearing accounts: the New Jersey Cash Management Fund, New Jersey Arbitrage Rebate Program, and Certificates of Deposits. The interest earned during the 1996-97 school year was \$446,813, \$46,766, and \$225,457, respectively.

The review team analyzed the accounts maintained in the district’s primary bank and compared the actual interest paid to the estimated potential earnings from the New Jersey Cash Management Fund and the 91-day T-Bill. The interest earnings for the 1996-97 school year were \$145,594 compared to a potential of \$151,407 and \$152,723, from the NJCMF and T-Bill, respectively. The rates paid by the primary bank were no more than one quarter of one percent lower than the Cash Management Fund and Treasury Bills. The team concluded that the district is earning interest at competitive rates while receiving a variety of banking services.

#### Other Cash Accounts

In addition to the district’s operating accounts, there are 19 scholarship accounts and 19 high school alumni accounts in three community banks. The balances range from \$50 to \$3,400.

#### **Recommendations:**

**The LGBR team recommends that the district consolidate its numerous scholarship funds into one account for which the bank would issue routine monthly reports that itemize each sub-account separately. The accompanying reduction in fees and staff accounting time should yield a revenue enhancement of \$1,402.**

**Revenue Enhancement: \$1,402**

#### Inactive Accounts

Presently, an inactive but open savings account with a \$55,616 balance is being held at a local bank.

## **Recommendation:**

**The LGBR team suggests that the savings account be closed and the balance transferred into one of the General Funds.**

### Cash Reconciliation and Other Reporting

The district deposits its general funds into its bank's Automatic Reconciliation Service. Financial information is forwarded to the bank, which returns the completed reconciliation. The district then reconciles the bank statements with the district's financial records. The treasurer also performs a reconciliation of account. The treasurer's report and secretary's report are then reviewed for agreement.

### Conclusion

The review of the Toms River School District's financial statements indicates that the district implements good investment strategies and is well-organized in its fiscal management.

## **Purchasing Office**

The purchasing department is a support service unit under the direction of the board secretary. The staff is responsible for reviewing, analyzing and authorizing district-wide purchase requests for supplies, materials, and equipment, as well as processing 10,500 purchase orders annually.

### Organization and Staffing

The purchasing department staff consists of two buyers and two administrative secretaries. The buyers serve as liaisons between the vendors and organizational units in negotiating terms, prices, and quantities. In addition, they are responsible for preparing bid specifications as well as initiating and conducting the bidders' conferences. The two secretaries assist in virtually every function of the purchasing process.

### Work Load and Scheduling

The district uses an in-house accounting system for recording and monitoring all purchasing-related financial data and activities. Purchase requests are initiated by departments or schools and are controlled by the business office. The department heads and/or their superiors give final approvals for all purchases. The purchasing department provides in-service training to keep principals, supervisors and executive-level staff apprised of policy and procedural changes. The district has a purchasing procedures manual, but it has not been updated since the early 1980s. The business office informed the review team that it plans to develop a new purchasing manual in the near future.

## **Recommendation:**

**LGBR suggests that the district revise and update its purchasing procedures manual every five years in order to accurately reflect any board policy and/or legislative changes directly impacting the purchasing process. This information should be disseminated to all employees with purchasing authority in order to ensure that they are aware of the purchasing guidelines required by the district.**

### Functional Areas and Processes

The district's purchasing process involves a number of steps as described in Board Policies 3160, 3320, 3326, 3327, and 3342.44, and as required by N.J.S.A. 18A:18A-1 to 18A:18A-59. The following is a brief description of some of the primary functions:

- A purchase requisition is initiated by a faculty or staff member as needed and is approved by the principal or department head. The requisition is then forwarded to the business office for processing.
- Business office personnel key the data into the system in order to verify that purchasing procedures have been followed accordingly and sufficient funds are available.
- The business administrator approves and signs the purchase order. The purchase order is then placed on the purchasing agenda and submitted for board approval.
- After receiving board approval, the business office encumbers the funds, sends the purchase order to the vendor, and copies the requestor. The requestor's copy is later used to verify delivery.
- When the requestor receives the order, the delivery information is cross-referenced with the purchase requisition and forwarded to the business office.

The business office completes a match between the requestor's copy, the vendor invoice, and the original purchase order. When there is a match, the business office creates a bill list for board approval. When the board approves the bill list, the business administrator signs off on the disbursement and a check for payment is sent to the vendor.

The department has experienced some difficulties with department heads that do not follow proper purchasing guidelines. Specifically, there appears to be a lack of communication between the department heads and the buyers at step one of the above process. This has resulted in the use of emergency purchase orders with requests for individual authorization and approval required to complete these transactions and encumber funds for future disbursement.

### **Recommendation:**

**LGBR recommends that the board of education take the initiative to ensure compliance with relevant board policies in order to eliminate unnecessary "emergency," and potentially costly, purchases.**

### Productivity and Financial Analysis

The aggregate employee position cost for the purchasing department in the 1996-97 school year was \$213,778. The department budget has remained relatively unchanged except for contractual salary increases. The district's purchasing department differs from most in so far as it does not have a primary purchasing agent responsible for the operation.

Work in the purchasing department is distributed and shared. Staff members support each other, and backlogs and delays are rare. The district saves a purchasing agent's salary by having the workload distributed among the department staff.

#### Purchasing Rules and Policies

The buyers for the district meet with current, new, and potential vendors on an as-needed basis in order to learn about new supplies and materials or address purchasing related problems.

Generally, the purchasing department follows a systematic schedule in the preparation of specifications, advertisement and receipt of bids, preparation of bid tabulations, and the awarding of bids. On average, the purchasing department receives about 300 bids per year. The district is presently working toward amending its bidding calendar and staggering bids in the 1999-00 school year. This will allow purchasing personnel to even out the work over the course of the year.

#### State Distribution and Support Services Center

In the past, believing that it could obtain the best price by publishing its own Requests for Proposals (RFPs), the district did not purchase its school and office supplies through state contract. While conducting this review, LGBR introduced the district to purchasing alternatives offered by the state.

LGBR team members coordinated a meeting between the district and the State Distribution and Support Services Center. The school business administrator and the supervisor of custodial services were given an overview of the center's operations and an on-site tour of the warehouse facility. This meeting resulted in the district opening an account and establishing a purchasing relationship with the distribution center. According to the distribution center's bureau chief, the district should be able to save approximately 30 to 50% over other purchasing sources.

#### **Recommendation:**

**Assuming the district will purchase 20% of its annual order of office supplies from the State Distribution Center, LGBR estimates a savings of \$29,300.**

**Cost Savings: \$29,300**

#### Cooperative Purchasing

As part of its review, LGBR met with the Monmouth-Ocean Educational Services Commission (MOESC) and discussed its cooperative purchasing services. The meeting was conducted in an effort to gather more information about alternative purchasing opportunities and sources. According to the commission's records, the district is currently listed as a registered member. Through its cooperative purchasing program, the commission offers a selection of various items for purchase, such as school supplies, fuel oil and gasoline, bread and milk, and non-public textbooks. The commission also bids for long distance telephone services.

#### **Recommendation:**

**The district is encouraged to pursue alternative purchasing opportunities, such as the Monmouth-Ocean Educational Services Commission (MOESC) or other organizations. Many school districts throughout New Jersey have realized savings through participation in cooperative purchasing agreements as well as through inter-local agreements.**

#### Other Initiatives and Accomplishments

The district initiated its first public auction in July, 1997, offering used and obsolete equipment, materials and vehicles for sale. The auctions have been held since then on Saturday mornings usually during the fall and spring. Some of the items auctioned include buses, vans, cars, personal computers, fax machines, furniture and paper products. An LGBR team member observed one such auction. The district uses its own staff to prepare and execute the auction and there is no cost incurred for their services. The auction conducted in October, 1998 added \$11,089 to district revenues. The two previous public sales realized a total of \$12,797. All proceeds are deposited into the Miscellaneous Revenue Account for the purpose of reducing the school tax burden.

**The district is commended for its efforts in using a creative method to enhance revenues.**

**Revenue Enhancement: \$11,089**

#### Print Shop

The print shop is a support service unit under the direction of the school business administrator. The unit, which has served the district for over eight years, is responsible for the district's printing and mailing services.

#### *Organization and Staffing*

The unit staff consists of one supervisor, two graphic artists-typesetters, two part-time offset press operators, and one part-time student from the Ocean County Vocational School. The staff and supervisor belong to the Toms River Educational Support Services Supervisors Association and the Toms River Education Association, respectively.

The print shop supervisor has been with the district for 21 years and he formerly served as a vocational high school teacher. The staff is well-trained, and turnover is low. The full-time staff has been with the district for over 11 years. Part-time students are usually hired with the understanding that their employment at the print shop will be temporary. Most of the students work in the shop to fulfill a course requirement. When a position is available or additional help is needed, students are given first preference. The students attend school in the morning and train in the print shop in the afternoon. This program has grown into an apprenticeship and mentoring program.

**The print shop supervisor is commended for developing an apprenticeship-mentoring program that benefits the district as well as the community.**

#### *Products and Services*

The print shop produces over 500 products, samples of which are: athletic schedules; newsletters; brochures; flyers; memo pads; business cards; awards; letterheads; collective negotiations agreements; special event programs; student, parent, and teacher handbooks; literary magazines; report card envelopes; vehicle registration forms; pupil classification cards; work order request forms; supply requisition forms; and student report cards.

#### *Service Requests*

Each school submits its printing needs and service requests to the purchasing unit in the spring. The service requests are scheduled and completed by the beginning of the next school year. All other requests are submitted to the printing department on an as-needed basis. Expenses are applied to each school and department budget.

The print shop completed over 3,500 service requests during the 1996-97 school year. The work orders contain a variety of duplicating services and photocopying. The unit produces over 1.5 million copies every month. District equipment is under a full-service maintenance contract that includes all software and parts upgrades.

#### *Duplicating and Photocopying*

The district has produced an average of 18 million copies a year (including 15 million photocopies) over the past seven school years (1991-92 to 1997-98) at an average cost of \$0.015 per unit. This is in contrast to outsourcing the operation at an estimated \$0.03 per copy, resulting in savings of \$0.015 per unit. LGBR estimates that the district has saved approximately \$225,000 annually in copying charges (15 million x \$0.015) over the past seven years. The department has also maintained a high level of service in spite of an increased workload.

**The district is commended for its efficiency in reducing its annual operational costs by approximately \$225,000.**

#### *Elementary School Services*

For the past seven years (1991-92 to 1997-98) nine of the district's eleven elementary schools have been using digital printers to produce dittos. The print shop produces the dittos for the other two elementary schools. The printers are used exclusively for dittos, from which the district produces between 3.3 million and 4.4 million copies each year. The schools are able to produce dittos as needed, and a technician is not needed to operate the machinery. This initiative has proven to be very practical.

The print shop orders under state contract its files, toner, paper and other general office supplies. Smaller monthly orders of the above items are placed to avoid unnecessary and surplus supplies.

#### *Bulk Mailing*

The print shop processes first class mail at an estimated annual rate of 72,000 standard size mail (4 1/8" x 9 1/2"), and 48,000 non-standard size mail (6 1/2" x 9 1/2") and (8 1/2" x 11 1/2"). In response to the volume and associated cost of mailing, the unit supervisor initiated a bulk mailing program four years ago. Bulk mailing allows the school district to use a discounted rate for standard size mail that is sorted and bundled by zip code.

The regular rates in effect up to January 31, 1999, for unsorted and unbundled mail was \$0.32 for standard size mail and \$0.43 for non-standard size mail up to one ounce. The aggregate annual postage costs using the regular rates, would have been \$43,680.

In comparison, the district uses the postal service's preferential postage rate for bulk mailing at a cost of \$0.065 up to one ounce with a \$28.50 handling charge for every 1,000 pieces of bulk mail. The estimated aggregate annual cost using the preferential rate was \$11,220/year.

The \$32,460 difference between the preferential rates (\$11,220) and the regular rates (\$43,680) represents the estimated annual postage cost savings as a direct result of the bulk mailing initiative.

**The print shop supervisor is commended for utilizing postal rates that have reduced the district's annual postage costs by \$32,460.**

The print shop and mailing services unit has not incurred overtime since the 1996-97 school year and expects to continue that trend. The aggregate employee position cost during the 1996-97 school year was \$125,503. The department budget has remained relatively unchanged except for the contractual salary increases.

Once the copying service functions were assumed by the print shop, during the 1994-95 school year, two part-time employee positions were eliminated. This initiative resulted in a savings of \$30,080.

## **LEGAL SERVICES**

LGBR reviewed the district's legal expenses for school years 1995-96, 1996-97 and 1997-98, and analyzed related contractual agreements.

### **General Counsel**

For the majority of its legal work, the district utilizes the services of a law firm located in Toms River. Legal counsel and representation are provided pursuant to a written contract between the district and the law firm. The contract is reviewed and adopted by resolution of the board on an annual basis. The district does not pay a retainer, as such. Rather, over the three years reviewed, the district paid a twelve-month salary of \$36,000 to the attorney who acts as lead counsel to the board. The district pays counsel's salary, together with social security, Medicare and pension costs, through district payroll. The full \$36,000 salary is paid directly to the attorney and is deducted in the amount of \$3,000 per month from the firm's billings. As per contract, the district paid \$125 per hour for legal services in school year 1996-97. This is an increase from \$90 per hour in school years 1994-95 and 1995-96. The rate, however, remains competitive with that charged to the comparison districts as illustrated in the chart below.

LGBR examined the district's contract with legal counsel and reviewed billings from the firm. The contract delineates salary payments for the board attorney and the hourly rate for services

rendered. It identifies for the parties the minimum time charge for common services such as telephone calls, review of letters and preparation of documents, and sets forth those additional costs and expenses that the district agrees to pay, such as court costs, investigator's fees, etc.

In its billings to the district, the firm identifies the matter that gave rise to each charge, lists services rendered for all charges, and notes the time charged to each service performed. The board attorney's \$3,000 per month salary payment is deducted from the total monthly charges on the face of the billing. In sum, all services rendered, including those performed under salary, are presented in detail for payment by the district on a monthly basis.

### **Recommendation:**

**Based on the nature of the contractual relationship between the district and board counsel, it is recommended that the district discontinue providing payment of pension benefits, social security and Medicare for counsel. Rather, by contracting to pay for services purely on a fee basis, the district can avoid paying pension benefits, social security, and Medicare.**

**Cost Savings: \$2,754**

### **Specialized Counsel**

#### Insurance Defense

A separate local law firm provides legal representation to the district in workers' compensation and other insurance defense matters. This firm is engaged annually by resolution of the board; the cost of services in school year 1996-97 was \$90 per hour. The district has no written contract with counsel for insurance defense and does not pay a retainer. After payment of a \$250 fee per claim received, counsel bills on an hourly basis. All payments to counsel are made through the district's claims management provider.

A local claims management company under contract to the district handles the management and administration of insurance claims against the district. By contract with its claims management provider, the district reserves the right to "designate trial or hearing counsel . . ." whose cost is not included under the agreement. The board has exercised this option by appointing the insurance defense firm to work with the claims management company in representing the district's interests.

#### Professional Negotiations

The district has appointed a third area law firm to act as its counsel in professional negotiations. Appointment is made annually by board resolution for services at the rate of \$90 per hour. The district does not pay a retainer and has no written contract with the firm.

	<b>Comparative Expenditures: Legal Counsel</b>				
	<b><u>Toms River</u></b>	<b><u>Brick</u></b>	<b><u>Edison</u></b>	<b><u>Hamilton</u></b>	<b><u>Woodbridge</u></b>
<b>Hourly Rate</b>					
1995-96	\$90	*	\$125	\$120	\$110
1996-97	\$90/125	*	\$125	\$110	\$110
1997-98	*	*	\$125	\$115	\$110
<b>Retainer/Salary</b>					
1995-96	0/\$36,000	*	\$80,000/0	\$20,000/0	0/\$45,000
1996-97	0/\$36,000	*	\$80,000/0	0/0	0/\$45,000
1997-98	0/\$36,000	*	\$80,000/0	0/0	0/\$45,000
<b>Total Legal Fees</b>					
1995-96	*	*	\$261,101	\$157,550	\$89,983
1996-97	\$295,549	*	\$343,654	\$110,379	\$93,951
1997-98	*	*	\$245,506	\$232,044	\$82,736

\*No response.

## **INSURANCE**

### **Property and Casualty Insurance**

The business administrator is the school district's representative on all matters regarding property and casualty insurance. School districts are required to maintain various insurance policies of different coverage types and amounts.

#### **Insurance Broker**

The district's insurance broker, whose core business consists of school boards and municipal governments, has serviced the Toms River Regional Schools for the past 24 years.

The insurance broker performs a cursory review of the marketplace every year and presents the results to the district in an effort to ensure that the district receives the insurance coverage that best meets its needs.

#### **Policy Types, Coverage Limits and Costs**

The district has a number of policy types. Property coverage amounts are initially determined through an independent industrial appraisal. A detailed inspection and evaluation is performed as needed and includes fixed assets such as plant, equipment, vehicles, and certain building contents. The appraiser also conducts an annual review and may request that the client complete a questionnaire. Policy changes and coverage limits are changed accordingly, usually at renewal time.

The following is summary information related to all the district's property and casualty insurance:

<b>Policy Type</b>	<b>Coverage Limit</b>	<b>Premium Cost 1997-98</b>	<b>Premium Cost 1998-99</b>	<b>Premium Change</b>
Excess auto liability and excess general liability	\$20 million with \$300,000 self-insured retention	\$275,000	\$275,000	\$0
School leaders errors and omissions	\$10 million with \$10,000 deductible	\$53,536	\$89,425	\$35,889 Increase
Property, machinery, breakdown, and inland marine	\$235.05 million with \$100,000 self-insured retention	\$95,886	\$98,715	\$2,829 Increase
Employee benefits – Stop loss	\$1.8 million per claim with \$200,000 self-insured retention	\$195,750	\$203,025	\$7,275 Increase
<b>Total</b>		<b>\$620,172</b>	<b>\$666,165</b>	<b>\$45,993 Increase</b>

#### Premium Costs

Annual property insurance premiums are based on replacement costs. The increase in premiums during the 1997-98 and 1998-99 school years is due primarily to expanded coverage under the School Leaders Errors and Omissions policy. In addition, coverages for building renovations and additions, plant and equipment, and computer technology were also increased. The value of the facility and equipment enhancements are \$230,121,792, or a 3% increase over the prior year. The premium change represents a 3% increase.

#### Ancillary Insurance Requirement

The school district requires a certificate of insurance from any private organization or club that wishes to use the facilities for after-school activities. This shifts risk to the user's insurance provider. Nonetheless, Toms River Regional School District is ultimately covered under its blanket policy.

#### Fixed Assets Inventory

The board secretary's office maintains a fixed assets inventory and identifies all assets valued at \$500 or over with a bar coded decal. The district should also have a process to inventory assets valued under \$500 to help guard against theft. When district assets are retired, they are sold at auction. The auctions are conducted entirely by district staff, twice a year, and are usually held at one of the high school facilities. This topic is also discussed in the Purchasing Section of this report.

#### **Recommendations:**

**The district should bid broker services and insurance coverage every three to five years to ensure that best rates, coverage, and service are received.**

**It is recommended that board counsel be consulted as to the advisability of having the district enter into written contracts with insurance defense counsel and with the law firm**

**appointed to represent the district in professional negotiations. The district does not currently have written contracts with these professionals, as it does with board counsel.**

**LGBR recommends that the district consider having the New Jersey School Board Insurance Group conduct a free review of the Toms River Regional School District's insurance coverage.**

### **Workers' Compensation**

The Toms River Regional Schools provide a self-insured workers' compensation program in addition to maintaining a catastrophic loss policy. The program is under the direction of the school board secretary. The administrative responsibilities of the district are managed by an administrative executive secretary (program coordinator). These activities include employee interviews, information gathering, and report generation.

### Claims Management

The district contracts with a risk management firm to handle the management and administration of workers' compensation claims. Three physicians are contracted to handle workers' compensation-related medical issues.

### Safety Committee

The district established a safety committee with the intent of reducing the frequency and number of accidents and incidents resulting in a loss of time, money, and work. The committee consists of the following members: the school board secretary, the school business administrator, the administrative executive secretary (program coordinator), the workers' compensation attorney, the chief medical examiner, the vice president of the board of education, and two additional board members. The committee meets monthly to discuss the status of pending cases as well as to review and revise policies and procedures as needed.

An accident and incident review board was established as a companion to the safety committee. Its primary function is to determine how accidents and incidents can be reduced and prevented.

The Toms River Regional District has not experienced any significant property or liability claims in the past three years. This is due in part to the precautions taken by the district to inform and educate the workforce and students about safety and to provide the necessary supplies and equipment to maintain a sound environment.

**LGBR commends the district for its ongoing efforts to create a safer work environment.**

### Safety Policies, Procedures and Reporting

The safety committee performs site visits in response to the filing of an accident report. The safety committee submits its recommendations to the Toms River Regional Board of Education Insurance Committee. These suggestions are subsequently incorporated into a monthly report that is submitted to the superintendent of schools or his designee.

The insurance committee, which includes some members of the safety committee, routinely reviews the district's safety policies and procedures and submits any recommendations. In

addition, the claims management company submits a detailed annual report to the workers' compensation program coordinator.

#### Accident and Incident Reporting

All district employees are obliged to report any accident or incident to their supervisor immediately. Furthermore, the employee is required to visit the school nurse to determine if further medical care is warranted. The accident or incident must also be reported to the claims management company within 48 hours of its occurrence.

The claims management company is charged with investigating claims. Follow-up interviews are conducted with the injured employee as well as with anyone who may have been a witness to the incident. This procedure helps to clarify the events surrounding the incident with the intent of employing preventive methods that will avoid future occurrences.

#### **Recommendation:**

**LGBR suggests that monthly status reports about accidents and safety activities be prepared and distributed to all departments. The extent of the information would vary depending on the circumstances but should always include a reminder about the benefits of safe work habits.**

#### Return to Work Program

When an employee is injured on the job and that person is required to remain out of work, his or her personal sick leave must be used initially. If the claim warrants compensation, the employee's sick leave allowance is subsequently restored.

The district monitors the rehabilitative progress of its injured employees in an effort to encourage them to return to work as soon as reasonable. The monitoring procedure starts after the second day of the employee's absence and continues until the person returns to work. The "return to work" program illustrated in Board Policy Number 4147, is geared to bringing the employee back to work with restriction, that is, on light duty if necessary.

The department heads, upon recommendation from one of the workers' compensation physicians, are charged with monitoring "light duty" assignments. Once an employee returns to work under that condition, the supervisor is responsible to ensure that the process is followed correctly. Moreover, the employee's progress is closely scrutinized to ensure that the absence from work is not prolonged unnecessarily. An employee on disability leave can collect up to 100% of his or her pay for the first twelve months, and 70% thereafter.

In some instances an employee's condition may not improve sufficiently to allow him to return to work even under a light duty or alternate assignment. In this situation the employee is given the opportunity to resign from his or her position and file for long-term disability. Nonetheless, the employee is always encouraged and given the opportunity to return to a light duty work assignment if warranted. The last resort is to ask an employee to resign.

Given the circumstances surrounding a work-related injury, the district is aware of the need to educate its employees about safe work habits and to encourage them to return to work at the appropriate time.

In a further effort to reduce costs, the district installed a PPO Management Plan during the 1998-99 school year that has helped to reduce medical expenses associated with workers' compensation claims, by approximately \$120,000.

### **Health Insurance**

The Toms River Regional Schools Board of Education provides medical, dental, vision, and prescription coverage for all full-time employees. The district is aware of the increasing cost of health care insurance and has taken steps to contain costs. Prescription plan savings and employee-only coverage for the first three years of employment are some of the means that have been employed by the district to help control costs. LGBR has some additional suggestions that may help with the health insurance cost containment efforts.

The district currently is enrolled in a private health care plan, which has both a traditional plan as well as a point-of-service plan design. There are approximately 1,984 employees covered under the plan for an estimated 1998-99 health insurance cost of \$10,944,963. The district's health insurance broker estimates an overall increase in costs for 1999-2000 of about 3% based upon a favorable claims history. LGBR believes that the district needs to undertake some significant plan design changes in order to prevent the costs of health care from escalating too rapidly. There appear to be two viable alternatives open to the district: the district should find cost savings through existing plan design changes either with the current carrier or another private insurer; or consider returning to the State Health Benefits Program (SHBP).

Local Government Budget Review compared the state's health benefits plan to the district's current plan based upon the employees enrolled in the plan. According to this model, the district would save an estimated \$1,081,000 by returning to the state's plan in 1999-00. But the district may find private plans less restrictive and realize through these plans some savings not available through the state plan.

### **Recommendation**

**The district should consider changing to the State's Health Benefits Plan (SHBP).**

**Cost Savings: \$1,081,000**

This area is discussed in further detail in Section III of this report, "Collective Bargaining Issues."

## **FACILITIES & OPERATIONS**

In addition to custodial services, which provide school cleaning and “first line” maintenance, the maintenance and repair of the district’s facilities are divided between two departments, facility maintenance and grounds maintenance and construction.

### **Facility Maintenance**

The facility maintenance program includes a supervisor, clerical support staff and approximately 30 trades personnel. They are responsible for emergency and scheduled repairs, maintenance and renovations, and some “project work” for the 1,767,903 square feet of space in 16 schools. Work is requested at the school level through a manual work order process.

Three collective bargaining units represent the workforce: the Toms River Educational Support Services Supervisors Association (supervisors); the Teamsters Local #97 N.J.I.B.T.W. (New Jersey International Brotherhood of Trade Workers) which represent tradesmen; and the Toms River Educational Support Services Supervisors and Affiliates Association (foremen and administrative support personnel).

The supervisor is responsible for the prioritization of projects, the delegation of work orders, and the general management of the department. The foremen are responsible for the execution of the daily work activities. All work assignments are handled in-house except for those projects that are either too large or require a specialty trade that the department cannot provide. The district, however, prides itself on having qualified licensed and certified staff within the department from which it may pool its resources.

Tradesmen report to the office each morning to meet with their respective foreman, review work orders, replenish supplies and pick up equipment before heading out to their designated work sites. The foremen communicate with the office throughout the day as needed in order to keep the supervisor apprised of a project’s status and to notify him of any developments that require immediate attention. The supervisor, in turn, travels from site to site to check the progress of each project. At the end of the shift, all foremen and other necessary personnel are expected to return to the office for follow up with the supervisor.

### **Office Functions and Document Reporting**

The secretaries are responsible for the daily office activities. Since most of the reporting functions are manual, they are time-consuming and are not in a standardized format.

The district does not compile the labor or material costs for each work order completed. Records are not maintained on the number of work orders completed or backlogged. Reports are not regularly provided to schools on the status of work orders nor are schools provided an opportunity to “prioritize” open work orders. The facilities maintenance program had a total budget expenditure of \$2.2 million for the 1996-97 school year.

### **Grounds Maintenance and Construction**

The grounds maintenance department has two subdivisions, grounds maintenance and grounds construction. The grounds maintenance unit has a supervisor who also oversees vehicle maintenance, an assistant supervisor, three head grounds-keepers, ten grounds-keepers, and one

secretary. The department is responsible for the cutting, edging, seeding, fertilization, and tree and shrubbery maintenance and planting for the district's approximate 269 acres of open space and athletic fields. They also do driveway and parking lot "patching." In the winter they are responsible for snow removal.

### Organization and Staffing

Three collective bargaining units represent the workforce: the Toms River Educational Support Services Supervisors Association; the Custodians, Grounds and Security Association; and the Toms River Educational Support Services Supervisors and Affiliates Association.

The construction unit includes one supervisor, a heavy equipment operator and three grounds-keepers. They are responsible for roadway and grounds construction projects including driveways and islands, sidewalks, curbing, fencing, underground piping, and laying sod. They also do snow removal in the winter. The grounds department had a total budget expenditure of \$1.1 million for the 1996-97 school year.

The supervisor is responsible for managing the unit in terms of work order and personnel scheduling, as well as planning and designing jobs. He is also responsible for materials and supplies purchases and inventory control. The staff are rotated to complete the jobs in a timely manner and also to enable the workforce to be cross-trained. The secretary performs the business functions of the office.

### **Recommendation:**

**The LGBR team suggests that the district introduce as many office automation applications to the department as practical and reasonable. This will allow for greater efficiencies by decreasing the time it takes to prepare reports, logs, and other office routines. A general comment regarding automation of a variety of departments can be found in the technology portion of the report.**

The general observed condition of the schools and grounds was good. The district has invested significant resources in its school buildings and athletic facilities and sees them as a great source of school and community pride, especially the athletic facilities. This is evidenced by the existence of an organizational entity dedicated exclusively to grounds "maintenance and construction," independent of facility maintenance.

To address the issue of staffing and the cost of facility and grounds operations, it is necessary to compare the level and cost of services between Toms River and other available benchmarks. Data exclusive to New Jersey schools tends to aggregate a wide variety of costs such as security, utilities, property insurance, maintenance, grounds, vehicle maintenance, etc., in a budget category entitled, "Operation of Plant" in the New Jersey Department of Education's annual Comparative Spending Guide. The all-encompassing "Operation and Maintenance of Plant" category places Toms River at the top of the per pupil amount for the five comparison districts. Two of the other districts are extremely close to Toms River's expenditures, and all are below the state average.

*The American School and University (AS&U)*, a national periodical that specializes in maintenance and cleaning matters for academic plant and property, prepares annual surveys of school districts around the country, and issues reports on the cost to provide maintenance and operations on a regional level. The magazine's Region 2 is New Jersey and New York. The AS&U data are used for comparative reference purposes. Facility maintenance comparisons between Toms River's maintenance staff and the AS&U median figures use salary data. While the information shows Toms River's costs per square foot to be more expensive than the median cost for AS&U Region 2, salary comparisons are impacted by staff seniority, area salary expectations, as well as the fact that Toms River has a maintenance construction program that does extensive remodeling work--projects that many districts might not be able to handle.

When the New Jersey-New York AS&U Region 2 data is examined it becomes possible to separate facility maintenance from grounds operations. The Toms River Regional grounds workers average fewer acres per worker contrasted with acres for the median worker in AS&U's Region 2. This comparison does not include the four grounds construction workers in Toms River.

The above underscores the need for additional data to aid the district in analyzing staffing needs in both departments and to determine the most efficient ways to deal with maintaining the schools and grounds. LGBR has no preference whether work is done by district staff or by privately paid workers. However, given the potential of significant savings, it is recommended that the district purchase and utilize a personal computer-based facility management work order processing system and invest in the appropriate staff training to implement and support such a system. There are several such packages available that are specific to school applications.

A properly managed system links work orders to an inventory control/reorder process; affixes material and manpower costs to individual work orders; sets priorities; plans and schedules work; provides regular reports on resource allocation to schools; and provides a management tool to support staffing needs, resource allocation, and standards for each school in the district. The system could also allow on-line entry of work orders directly from schools and support other district data needs including automated budget preparation, a time and attendance reporting system, and regular "real-time status" on overtime needs and staff assignments.

A configuration with a host computer at the maintenance facility that is linked to each school and the central office along with a "hot line" for emergencies should be established. Implementation should include set-up and training, "loading" backlogged work orders, and annual maintenance and support. The cost is estimated at \$32,000 for the first year and approximately \$2,500 per year thereafter.

### **Recommendation:**

**The district should purchase and implement a work order processing system to establish actual manpower and material costs to perform scheduled and emergency repairs and maintenance work, renovations and construction.**

**One-time Value Added Expense: \$32,000**

With this \$32,000 investment, the district could create a true “competitive contracting” environment where specifications could be developed and district personnel could submit proposals, along with outside contractors, to perform work. The district could then monitor and evaluate performance and cost for each type of job. It is estimated that the district could conservatively save 10–15% on the cost of material, supplies and contracts per year, through the implementation and proper management of a competitive contracting system, without a diminishment of services.

By tracking material and supply use to specific work orders or jobs, better estimates of annual requirements by type of job(s) would allow the district to bid material and equipment needs, relying less upon state contracts and/or direct purchase authority. Maintenance and grounds spent over \$900,000 for supplies, equipment and contracts during the 1997 school year. For estimating purposes, LGBR utilized a conservative 10% savings or \$90,000 per year.

It will be easier to estimate what the appropriate staffing levels, or the appropriate balance of contract versus “in-house” work, should be using the data to be gained by work order monitoring. With a comprehensive history of manpower utilization, the district can evaluate its options on a cost basis and plan accordingly.

**Recommendation:**

**Following the implementation of a work order review system, the district should examine a competitive contracting process to determine the most cost-effective way to perform maintenance, repairs, renovations and grounds construction.**

**Estimated Cost Savings: \$90,000**

**Electric Heating**

The district's Toms River High School North and Toms River High School East are heated with electric heat. Toms River High School North has an electric boiler while Toms River High School East has individual unit heaters. Toms River High School South has natural gas heating. As summarized in the following table, the district paid \$2.35 per square foot at Toms River High School North, \$1.96 at Toms River High School East and \$1.39 at Toms River High School South for electric and gas utility expenses for the 1996-97 school year:

<b>Natural Gas and Electric Cost for High Schools</b>					
<b>High School</b>	<b>Sq. Ft.</b>	<b>Electric Cost</b>	<b>Gas Cost</b>	<b>Total Cost</b>	<b>Cost Per Sq. Ft.</b>
North	189,500	\$444,640	\$851	\$445,491	\$2.35
East	248,325	\$485,783	N/A	\$734,108	\$1.96
South	195,400	\$226,871	\$44,552	\$271,423	\$1.39

As indicated, total gas and electric costs are lower on a square foot basis where gas heat is in use. Gas heat is also preferred for convenience and cleanliness in heating schools. The LGBR team researched and estimated the cost of converting the heating systems at Toms River High School North and Toms River High School East to natural gas at approximately \$2.1 million including design and administrative cost (\$900,000 at Toms River High School North and \$1,200,000 at Toms River High School East). Amortized over a 10-year period at an interest rate of 5%, the annual debt to convert the systems would be \$255,000. If the cost at each school were lowered to \$1.50 per square foot (slightly more than the \$1.39 per square foot cost at Toms River High School South), the district would save approximately \$274,000 per year.

Based upon this preliminary evaluation, as an efficiency improvement, LGBR would recommend that the district consider converting the heating systems at Toms River High School North and Toms River High School East from electric to natural gas. Also, as allowed under N.J.S.A. 18A:5.(16), since the cost of conversion could be sustained through energy savings, the district should seek third party administration and financing of this project.

It should be noted that LGBR was extremely conservative in its estimates for this recommendation and accordingly, no “savings” to the district are projected. However, LGBR believes that there should be net savings to the district as a result of this recommendation if the project is properly bid and managed. The district’s gas and electric costs for these schools are significantly higher than other districts reviewed by LGBR, and the AS&U Region 2 average of \$1.10 per square foot. At a minimum, if the district were able to lower the cost at Toms River High School North and Toms River High School East to the rate per square foot at Toms River High School South (\$1.39 per square foot), they would save an additional \$48,000 per year. If they could meet the goal of \$1.10 per square foot, they could save \$175,000 per year. The district would also realize additional savings if the project(s) can be completed for less than the \$2.1 million estimate.

### **Recommendation:**

**The district should seek competitive proposals to perform an energy audit and evaluation of the heating system(s) at Toms River High School North and Toms River High School East to convert the systems from electric to natural gas, utilizing energy savings to finance the project. Additional energy savings may then be available to the district based upon the total cost of the project.**

### **Custodial Services**

The district provides in-house custodial services at all buildings, which consist of 1,767,903 square feet of school space and five additional administrative and support facilities including an alternative learning center.

The department operates under the following work schedules: two “regular schedules” run from Monday to Friday, 7:00 a.m. to 3:30 p.m., and 3:00 to 11:00 p.m.; and two “flex schedules” run from Wednesday to Sunday, 7:00 a.m. to 3:30, and 3:00 p.m. to 11:00 p.m. Shifts are assigned based on seniority, and new employees are assigned to a flex schedule.

### Staffing

The department has 113 full-time custodial workers (78 custodians, 19 head custodians and 16 night supervisors), one secretary, a school courier and two administrators at a district cost of \$4,273,944 including salaries and direct benefit costs for the 1996-97 school year as follows:

<b>Toms River Regional Schools: Full-time Custodial Staffing Costs</b>	
<b>Category</b>	<b>Salary and Direct Benefit Cost</b>
Custodians Cleaning Schools (106)	\$3,736,567
Custodians Cleaning Admin. Space (7)	\$222,123
Administration and Support	\$315,255
<b>Total</b>	<b>\$4,273,945</b>

The district also employs 50 part-time custodians as “voucher” employees. The part-time employees have regularly scheduled hours and most are assigned to the night shift as supplemental help. They work 20 hours per week at \$8 per hour. The district spent \$416,000 for part-time custodians in fiscal year 1997.

### Overtime Cost Reduction

District records show that overtime cost was reduced from \$479,280 in the 1994-95 school year to \$202,000 in the 1996-97 school year, mostly through the introduction of “flex” schedules. These schedules enable the district to deploy certain employees on weekend work without incurring overtime costs.

**The district is commended for introducing flex scheduling, with a resulting decrease in overtime costs.**

### Overtime Management Plan

In school districts, overtime is generally required for four reasons: facility emergencies, scheduled events, weather conditions and absenteeism. LGBR feels that the Toms River Regional Schools need to systemically identify the reasons or categorical cost(s) for overtime payments.

The district should begin promptly to develop an overtime management plan. The first step would involve reporting overtime by cause, on a school-by-school basis. While overtime is often necessitated by legitimate emergencies, it can also be the result of inefficient planning, uncoordinated scheduling of activities, improper allocation of staff resources to the appropriate shift/workweek, and a lack of accountability at the cost center where the overtime is generated. The plan should include a budget line (allowance) for overtime needs in each of the following areas: a) each school for school-based extracurricular and planned activities; b) the athletic department; c) the community programs office; d) the facilities department for after-hour emergencies; and e) the custodial department for weather-generated needs. There should be a monthly reporting of overtime use and account balances. Under the plan, directors and principals would be held accountable for the management of their overtime budget. With an overtime

management plan and a work order processing system in place (see **facilities maintenance**) the district should be able to assess custodial staffing needs with increased information.

### Staff

LGBR toured every building in the district. We found them clean and well-maintained. Custodial staff displayed pride in their work and in their contribution to the school. To evaluate the staffing cost for school cleaning, it is necessary to compare different components between Toms River and other available benchmarks. In 1997, 106 full-time custodians were assigned to school building cleaning in Toms River at a total salary cost of \$3,736,567. In addition, there were 50 half-time cleaners, mostly working at night.

According to the *American Schools and University (AS&U)* publication, the district's level of staffing for cleaning the administrative space is appropriate. However, these employees should be utilized to supplement school staff when required.

It should be noted that the AS&U data represents median levels of districts responding to the publication's questionnaire. A number of factors such as labor market costs, cost of materials, and the number of staff needed to achieve district goals, enter into any district's figures relative to the AS&U medians. Based on the AS&U survey, the Toms River Regional Schools' custodial staff cleans less square footage per employee than the AS&U Region 2 median. This differential can be attributed to the total level of staffing.

The following table summarizes the district's current custodial staffing allocation:

### **Toms River Custodial Staffing Allocation**

School	S.F.	Enroll	Head	DAY			NIGHT			Bldg. Total
				Cust.	Flex	Supv	Cust.	Flex		
High School South	140,905	1,333	1	2	1	1	2	1	8	
High School East	246,500	1,736	1	2	1	1	2	1	8	
High School North	204,098	1,835	1	2	1	1	2	1	8	
Intermediate East	181,075	1,435	1	2	1	1	2	1	8	
Intermediate West	191,177	1,246	1	2	1	1	2	1	8	
East Dover Elementary	83,930	1,191	1	1	1	1	1	1	6	
Cedar Grove Elementary	112,930	1,122	1	1	1	1	1	1	6	
South Toms River Elementary	54,950	509	1	1	1	1	1	1	6	
Walnut Street Elementary	84,040	1,142	1	1	1	1	1	1	6	
Silver Bay Elementary	112,930	1,099	1	1	1	1	1	1	6	
Hooper Ave. Elementary	85,448	1,175	1	1	1	1	1	1	6	
Beachwood Elementary	70,444	826	1	1	1	1	1	1	6	
North Dover Elementary	58,821	816	1	1	1	1	1	1	6	
Pine Beach Elementary	42,268	512	1	1	1	1	1	1	6	
Washington Street Elementary	46,887	562	1	1	1	1	1	1	6	
West Dover Elementary	51,500	658	1	1	1	1	1	1	6	
Total	1,767,903	17,197	16	21	16	16	21	16	106	

### Analysis

When the Toms River Regional Schools replaced 15 full-time custodians with 50 part-time custodians the district added the equivalent of 25 full-time cleaners for the same cost as it had

paid for the 15 full-time custodians. The district would be well-advised to consider new cleaning equipment that significantly cuts work-time and could result in the same job being done by fewer staff.

LGBR recommends that the district examine the across-the-board custodial staffing that is displayed in the chart above. We do not think that the schools are understaffed. We feel that some redistribution of staff among the high schools in order to reflect size differences would be appropriate. Some of the allocations in the elementary schools seem unbalanced with no variation between schools despite widely varying sizes. It is our understanding that part-time custodians are used to aid in the larger schools.

The introduction of flextime scheduling has lowered overtime costs.

### **Recommendation:**

**LGBR encourages the board of education to perform an overtime analysis as well as to review the custodial staffing level in order to decide what expenses are necessary in order to achieve the appropriate levels of cleanliness and service.**

### **Construction – Other Initiatives**

The Toms River Regional School District has created an extensive construction department. A review of the department found an impressive collection of equipment used in support of capital improvement initiatives.

The district feels it realizes significant savings by purchasing and operating its own equipment. For example, the district recently purchased a used 4WD front-end loader for approximately \$125,000. The vendor agreed to sell the equipment at the market rate less the district's prior two years' rental costs. The district had rented the equipment an average of 37 times a year at a cost of \$455 per day for the preceding two years. Based on information from a variety of sources, in a best case scenario, the district will begin to realize an annual savings of \$16,835 in approximately nine years. The following table lists other heavy construction equipment the district currently owns:

<b>Toms River Regional School District Construction Equipment</b>	
Stone Mixers (multiple units)	Backhoe-Tractors (multiple units)
Uni-Loaders (multiple units)	Rollers (multiple units)
Auger	Tampers (multiple units)
Dump Trucks (multiple vehicles & sizes)	Trailers (multiple units)
Ditch Witches (multiple units)	Sweeper
Front End Loaders (multiple units)	Grader
Bulldozer	Earth Mover
Gas Powered Drill	

With such a well-equipped department, local municipalities have sought the assistance of the school district for occasional roadwork help. The district's extensive holdings and its experience

in construction projects that are traditionally the responsibility of municipalities, warrant an investigation into the possibility of sharing services.

## **Recommendation:**

**Given the extensive construction department developed by the Toms River Schools, it is recommended that the district investigate inter-local service agreements with municipal governments to insure efficient and equitable use of district construction equipment and personnel.**

**Alternatively, it is recommended the district and constituent municipalities investigate creation of a shared construction department.**

## **Central Warehouse**

The central warehouse is a support service unit under the direction of the business administration. This organizational unit is the district's primary storage facility for office supplies and historical accounting records. All other supplies, such as janitorial supplies and paper products, are stored at the various buildings and at the maintenance yard.

### Organization and Staffing

The warehouse staff consists of one supervisor, one assistant warehouseman, and a part-time warehouseman. The supervisor and warehouseman are represented by the Toms River Educational Support Services Supervisors and Affiliates Associates. The supervisor has been with warehouse operations for five years.

### Functional Areas and Processes

The supervisor is responsible for inventory monitoring and control, processing orders, maintaining the facility, and performing clerical and other administrative tasks. The assistant warehouseman is responsible for deliveries, as well as assisting the supervisor with warehouse maintenance functions. The part-time warehouseman assists with the deliveries and relocation of furniture, and also works in the custodial department.

Approximately 1,000 supply requests are received each month via fax machine. Orders are accepted each day and completed through mid-afternoon. The supervisor verifies the requests for accuracy, completeness, and authorization. The orders are picked by the supervisor and stored in the designated loading area for delivery on the next day. The head warehouseman and assistant warehouseman usually load the delivery truck the following morning depending on the scope of the orders and the time of day they were received. The assistant warehouseman is supplied with a delivery schedule and copies of all orders. The merchandise must be signed for upon receipt, with a copy of all records being maintained at the warehouse. This is used as a cross-reference and for inventory control.

### Productivity and Financial Analysis

The warehouse staff formerly consisted of six employees, including a secretary. The three who left the unit were either transferred to another department or resigned. The warehouse supervisor reorganized the operation in terms of supply orders and deliveries to compensate for the loss in personnel. The reduction in staff from six to two and one-half employees reduced district salary costs an estimated \$112,333 in 1996-97 school year.

### Warehouse Consolidation

The district plans to move the custodial department to the central warehouse and consolidate both operations under one roof, with one management team, and without an increase in staff. The supervisor of daily operations will assume the responsibility of the central warehouse. The inventory will be downsized an estimated 70%, and will rely on suppliers to provide items on an as-needed basis.

The district's new approach to warehouse management is an effort to minimize storage space, improve efficiency, and make prudent use of available resources.

The consolidating and streamlining of warehouse functions should have a positive effect on the operation. These benefits will take root as they tie into the district's initiative of utilizing the services of the State Distribution and Support Services Center, as mentioned in the purchasing section of this report.

### **Facility Rentals**

The Toms River Regional School District offers its facilities to community organizations and agencies under a short-term, temporary rental agreement. The primary conditions are that the group must be a non-profit organization located within the school district boundaries. The district has offered rental space since September, 1970, and the program has been growing steadily. There were 2,037 rentals during the 1997-98 school year.

### General Management

The rental program is managed and coordinated by an administrative secretary. The secretary is responsible for coordinating and administering the greater part of the program activity, including client contacts, support, department notification, historical record keeping, and preparation of relevant information for invoicing. The business administrator, who has program direction responsibilities, makes the final decision when a potential conflict may occur. He also reviews and signs all client correspondence.

### Board Policy and Program Administration

The terms and conditions of facility rentals are described in the Board Policy 1330. The use of school facilities are subject to school board policy as well as statutory regulations, including: N.J.S.A. 2C:33-16; N.J.S.A. 18A:11-1; N.J.S.A. 18A:20-34; N.J.S.A. 26:3D-15 to 21; and N.J.S.A. 18A:54-20.

The client is required to complete a "school rental requisition" form and is advised of availability in writing, within two weeks. The conditions and rates are cited in the written agreement. No rental deposit is required and billing usually occurs within one month of the rental. The board requires that the client secure liability insurance in accordance with the rental agreement. The district provides custodial and maintenance service, as well as cafeteria and kitchen usage. The custodial staff also serves as security when the rental group size is fewer than 100. The security department provides guards for activities involving more than 100 persons or when the activity otherwise warrants it. The rental fee partially defrays the district's cost for providing the service.

The rental program is intended as a community service to provide affordable space, which would not otherwise be available to the community. It generated \$24,000 and \$39,000 in fees during the 1996-97 and 1997-98 school years respectively.

## **Payroll and Benefits**

### **Staffing**

The Toms River Regional Schools payroll register listed 2,184 permanent full- and part-time, (regular pay) employees, and 872 temporary (voucher pay) employees, during the 1996-97 school year. Voucher pay employees consist mainly of substitute teachers and seasonal workers who do not receive benefits regardless of the hours worked. They are hired to fill in whenever permanent staff is unavailable due to sick, personal or vacation leave. These employees do not work under contract and the district has no obligation to them unless they are hired as permanent staff. The district also considers 50 half-time custodians as voucher employees.

There are references in this report to the “employee position cost.” This term refers to the aggregate costs that the LGBR team uses as its basis for salary comparisons. The position cost consists of all cash payments to the employee, including stipends, and/or contributions by the employer, and are classified as direct benefits. All other costs are classified as indirect benefits and include vacation, sick, and personal leave.

The aggregate annual employee position cost for the 1996-97 school year was \$115,890,235, which included 3,056 employees (2,184 regular and 872 voucher pay). The district reduced its workforce by an estimated 300 employees over the last six years (1991-92 to 1996-97). The district has reduced its annual salary expenses by an estimated \$1,600,000 through this reduction.

Salary expenditures are not expected to change in the near future except for foreseeable increases prescribed by contractual agreements. There will be additional personnel when the new elementary school is opened.

### **Collective Negotiations Agreements**

District employees are covered by one of nine labor contracts. The contracts have been negotiated for three-year terms, from July 1, 1997 to June 30, 2000. The only exception is the custodians, grounds and security agreement which was negotiated for a one-year term (July 1, 1998 to June 30, 1999) and this will be repeated for another year (July 1, 1999 to June 30, 2000).

### **Position Designation**

There are 35 salary level codes that distinguish the various positions, such as teachers, attendance officers, maintenance, cafeteria managers, etc. These are used to determine salary guidelines. In addition, there are 144 staff category codes such as superintendent of schools, supervisor of instruction, school business administrator, accountant, etc. With the exception of the board attorney and the chief medical examiner, these codes classify each employee position within the 13 departments and/or operating units, such as administrative personnel, secretaries and office personnel, grounds, and security.

The payroll operation is large and has numerous variations. The district handles its payroll with its own staff.

### **Independent Contractors**

The Toms River Schools contract with professionals and professional firms to handle specialized functions: a) labor negotiator; b) board attorney; c) workers' compensation attorney; d) insurance claims management contractor (risk manager); and g) school physicians. These individuals are paid via a voucher in accordance with the contract terms, the length of which is usually one year. With the exception of the board attorney and the chief medical examiner, these professionals are not considered district employees, and as such, are not reported on the payroll system. The contents of these contracts are discussed in the Legal Services section of this report.

### **Payroll Process**

The supervisor has overall responsibility for the payroll operation and is assisted by two bookkeepers and two administrative secretaries, all of whom are permanent full-time employees. Five years ago, a payroll service company was responsible for preparing the checks and accompanying reports, as well as the mandatory state and federal statements. Presently, the district performs virtually all payroll functions. Direct deposit service is available to district employees. This service provides many advantages to staff and is a major aid in reconciling the payroll account. Approximately 40% of Toms River Regional School District's employees avail themselves of direct deposit. That is a high percentage and commendable. LGBR urges the district to continue the service and to promote its increased use by staff.

### **Payroll Operation Cost**

The LGBR team reviewed the payroll department functions and relative expenses that occurred during the 1996-97 school year. This analysis was done to determine the difference between the district's current cost to maintain the payroll operations with its own staff compared to contracting with a payroll service company. District operational expenses consisted of the aggregate employee position cost (\$250,925), data processing services (\$26,000), and check printing (\$6,000). Aggregate annual costs were estimated at \$282,925.

After comparing payroll company costs with district expenses, LGBR determined that the district's in-house payroll department operation was more cost effective, indeed it saves \$124,358.

**The district is commended for its efforts in developing a payroll system that services the needs of the employees while reducing annual operating expenses.**

### **Savings and Investment Plans**

The district offers its employees a variety of investment, retirement and savings plans. These range in scope and diversity from 16 privately managed tax shelter annuities to the State of New Jersey managed plans. These include the Deferred Compensation Plan, Teacher's Pension and Annuity Fund (TPAF), and the Public Employee's Retirement System (PERS). The district also

offers its employees membership in a community-based federal credit union, a summer savings account, as well as federal savings bonds.

### **Employee Handbook**

Negotiated agreements and board of education policy manuals contain a significant portion of information needed by district staff. However, LGBR recommends that the district gather into a handbook a variety of employee information currently scattered through a number of documents and papers as well as any new information that the district feels is necessary for the employees.

### **Recommendation:**

**The district should consider developing an employee handbook to provide information to employees in an efficient manner.**

### **Overtime**

All district employees are entitled to overtime in accordance with their respective labor agreement, with two exceptions. Members of the administrative and supervisory council and certified staff covered by the Toms River Education Association (TREA) are not entitled to overtime.

The district encourages its department heads to monitor overtime very closely in order to contain and reduce expenses. The LGBR team found that labor and management agree on this point and cooperate with each other. The most significant reduction in overtime expenses occurred in the custodial department, and is described in that section of the report.

### **District Buy Back of Unused Leave Days**

LGBR's review of this area of insurance can be found in section III of this report, "Collective Bargaining Issues."

### **Retirement and Group Life Insurance Benefits**

All employees are covered under either the Public Employees Retirement System (PERS) or the Teacher's Pension and Annuity Fund (TPAF) and are governed by the provisions of those systems. Note that all full-time employees are covered, not part-time employees.

### **Stipends and Other Payments**

The extra stipend benefit is classified under specific payroll activity categories and is provided by contract to permanent full- and part-time and to temporary part-time employees who work beyond regular hours in certain identified positions, such as bedside instructor, chaperone, coach, etc.

Payment is disbursed through a separate payroll check and issued during a biweekly pay period. The aggregate cost to the district for extra stipends during the 1996-97 school year was \$3,704,000.

### **Substitute Stipend**

By contract, seven of the nine collective bargaining units provide a substitute stipend to qualifying permanent full-and part-time employees and to temporary part-time employees. The substitute stipend provides compensation to employees who are called in when regular assigned staff is unavailable, or a school event takes place that requires additional staffing, or an emergency occurs.

Substitute stipend payment is made in a separate check issued at the biweekly pay period. The aggregate substitute cost to the district during the 1996-97 school year was \$3,331,000.

#### Classroom Materials Pay

Under the district contract with the Toms River Education Association, permanent full-time teachers are provided a \$15 annual stipend for classroom material purchases. This stipend is included in the second biweekly paycheck in September. The aggregate cost to the district for the 1996-97 school year was \$18,000.

#### Other Stipend

Permanent full- and part-time employees and temporary part-time employees under all collective negotiations agreements, with the exception of administrative and supervisory council, are provided other stipend pay for activities such as escorting student trips, teaching non-credit adult school classes, working on snow removal, etc., as specified by contract. Under the Custodians, Grounds and Security Association, other stipend pay is also provided to custodians who hold a black seal license.

Payment is made in a separate check and is issued during the biweekly pay period. The aggregated cost to the district for this benefit during the 1996-97 school year was \$1,341,000.

#### Clothing Allowance

A clothing allowance is paid to specific permanent full- and part-time positions in the following four bargaining units: Toms River Bus Drivers Association; Custodians and Cafeteria Managers; Cafeteria Workers Association; and Custodians, Grounds and Security Association.

During the 1996-97 school year, clothing allowances for protective clothing and safety gear ranged from \$87.50 to \$550 in accordance with the labor agreements. The aggregate cost was \$67,000. The board has reduced the rates and changed its policy over the years, most recently during the 1997-98 school year. The 1998-99 school year allowances ranged from \$87.50 to \$350 and were paid through the biweekly payroll.

### **TRANSPORTATION**

The transportation services department is a support unit under the direction of the school business administrator. The department is responsible for the overall operation of the district's bus operations, including the transporting, routing, and scheduling of the bus fleet

The following laws and regulations govern student transportation: N.J.S.A. 18A:39-1 to 18A:39-25, N.J.A.C. 6:21-1.1 to 6:21-19.5, N.J.S.A. 18A:46-23, N.J.A.C. 6A:14-3.9, 20 U.S.C. §1400 et. seq. and 34 C.F.R. §300 et. seq. and the State Department of Education Transportation Efficiency Plan. Student transportation is also guided by the Code of Federal Regulations, 49 CFR 382 et. seq., 49 CFR 40 et seq., and 49 CFR 483.107, 395.2. The Commercial Motor Vehicle Safety Act was adopted by Congress in 1986 and requires each state to meet uniform minimum standards for licensing commercial drivers.

### **Organization and Staffing**

During the 1996-97 school year, the department consisted of one director, three secretaries, one trip coordinator, one dispatch supervisor, 35 drivers for mini-buses, 102 drivers for standard size buses, 29 special education bus attendants, and one transportation courier.

Three collective bargaining units represent the workforce: the Toms River Educational Support Services Supervisors Association, the Toms River Educational Support Services Supervisors and Affiliates Association, and the Toms River Bus Drivers Association.

The director has been with the district for 20 years, and has served in his current position for 16 years. He also serves as the district and county emergency response coordinator.

The district has had a very low staff turnover through the years. The director does not anticipate any significant changes in staffing requirements, although the growth in student enrollment may require additional bus drivers.

### **Driver Training and Testing**

The State Department of Education, Bureau of Pupil Transportation, has published the School Bus Driver's Manual, which sets forth the terms and conditions for the position of school bus driver.

The requirements include an initial application, driver history checks, vehicle operation, administering first aid, etc. There are mandatory driver history record checks which require the driver-applicant to "obtain a Commercial Drivers License (CDL) with a passenger endorsement, submit to pre-employment and ongoing substance abuse testing, submit to state and federal criminal background checks, pass a state and federal approved physical examination, provide an employment history for the 10 years prior to the application, and pay the associated fees and expenses."

In addition, the school district is obliged to obtain the following: driver abstract from the New Jersey Division of Motor Vehicles; information about the CDL from the national record center Commercial Driver's License Information Service; and information from the National Driver Register regarding the applicant's national driving record relative to vehicles other than commercial ones.

### **Work Load and Scheduling**

Typically, the office staff works an eight-hour day, staggered between 7:00 a.m. and 5:00 p.m. Overtime is limited except for emergencies or other unusual situations, and the director's authorization is always required.

The staff is responsible for: scheduling; routing; dispatching; coordinating field trips; supporting the vehicle maintenance department; managing personnel records; administering training and safety programs; preparing departmental reports; conducting accident investigations; etc. Many of the reporting functions are automated and the staff has been cross-trained to fill in for each other to ensure operational consistency and continuity.

### **Bus Routes and Schedules**

The regular school schedule is accommodated under a four-tier routing system. The routes have remained relatively the same for 10 years but they are expected to change in the near future with the addition of the Joseph Citta Elementary School. By having a multi-tier system, the transportation fleet is reduced by two and a half times. Consequently, the aggregate cost of transportation is significantly reduced.

The drivers choose their routes at the end of the school year and submit their requests to the director. He will assign the routes requested, based on seniority. However, routes may be altered to fit a specific need, either temporary or permanent.

The data processing department generates the initial bus routes at the end of the school year. The report contains "rollover numbers", that is, the current year's sum of routes plus next year's student count. The routes are fine-tuned by the transportation director to ensure that the fleet is effectively utilized.

The district is considering a joint purchase of an automated scheduling package with neighboring districts. This initiative will enhance each user's transportation operation while significantly reducing their cost. This implementation is planned for the 1999-00 school year, assuming all parties are in agreement.

### **Recommendation:**

**LGBR supports the use of technology to increase efficiency. We recommend that all joint purchasers of the automated schedule package work with the district's technology department or with a technology consultant to insure the most suitable purchase.**

### **Courtesy Busing**

Presently, the district transports 5,745 students who do not qualify for state funding according to N.J.S.A. 18A:39-1. The statute declares that the district shall provide transportation for elementary and secondary school pupils who live more than two and two and one-half miles respectively, from their schools.

The district administration feels that the current law regarding pupil bus transportation funding and courtesy busing should be changed to provide free transportation for students living closer to

schools than allowed by law. This is because many walking routes to Toms River Schools are considered unsafe by the local school authorities. Until the law is changed the district will incur \$2,815,050 (\$490 cost per student x 5,745 non-reimbursed students) in unreimbursed annual costs for the 5,745 children who are courtesy-bused. State education law N.J.S.A. 18A:39-1.2 permits municipalities to fund transportation for safety reasons through an interlocal services agreement. The local government may charge parents for this service. Boards of education may also institute a subscription bus service, charging interested parents with costs for transporting on board of education vehicles, students residing outside state reimbursement limits.

### **Sidewalk Program**

For the past 20 years, the Toms River Regional School District, in collaboration with local municipalities, has constructed sidewalks in order to provide safe walkways to school for children who live within the state's non-aid bus limits. District officials report that the program has increased the number of potential student walkers from 500 at its inception to almost 4,000 today.

### **Student Field Trips**

Student field trips are scheduled during and after regular school hours and on weekends. The transportation services department conducted 1,061 field trips for K-6 and special education (K-12) grades, and 348 trips for grades 7-12. The number of field trips is consistent from year to year.

### **Bus Fleet**

The fleet consists of 90 School Vehicles Type I (seating capacity of 17 or more), which are used to transport 13,270 regular program students to and from school. The fleet also contains 45 School Vehicles Type II (seating capacity of 16 or less), which are used to transport 641 special education program students to and from school. In addition, there are 20 buses used for special, athletic, cultural, and community programs, as well as six buses held aside as "spares." These are needed to substitute for the vehicles taken out of service for maintenance.

### **Fleet Utilization**

The transportation services department theoretically overloads its buses to ensure maximum utilization in reality. This is done since many high school students who are scheduled for district transportation use alternate means. The fleet traveled 2,801,292 miles during the 1996-97 school year and 2,885,962 miles the next year.

**The transportation services department is commended for its efforts in maintaining an outstanding efficiency record.**

### **Productivity and Financial Analysis**

The aggregate employee position cost for the 1996-97 school year was \$5,208,300. The department budget has remained relatively unchanged except for the contractual salary increases.

### **Pupil Transportation Cost**

The student enrollment during the 1996-97 school year was 17,390. Of this number, 13,270 pupils were transported as part of regular programs, and 641 were special education pupils. There were 3,749 students who did not use district transportation.

The pupil transportation cost, which includes regular and special education programs, was \$490 for each student during the 1996-97 school year. This cost information is obtained from the Cost of Education Index published by the New Jersey School Boards Association. The district ranking and/or comparison to the state average are unavailable.

### **Emergency Response Plan**

The district falls within a 10-mile radius of a nuclear power plant that is located in a neighboring municipality. Hence, the district is required to designate an emergency response coordinator, and has appointed the transportation director to serve in that capacity. The director is responsible for preparing, revising, and implementing a district-wide emergency evacuation plan, and to ensure that everyone is aware of and instructed on the program's policies and procedures.

In addition, the director has served on the Ocean County Emergency Management Response Team since 1996. The team conducts one drill a year during the summer, for the entire county and simulates a full-scale evacuation.

### **Non-Student Transportation**

According to district documents there are approximately 81 vehicles and trucks used by the district, operating in an area of approximately 50 square miles. This excludes all buses and vehicles registered for student transportation. The team compared the number of vehicles owned to the following school districts: Woodbridge, 35 vehicles in 27 square miles; Brick, 20 vehicles in 26.4 square miles; Hamilton, 50 vehicles in 40 square miles; and Old Bridge, 14 vehicles in 40 square miles. Upon further examination LGBR found that the Toms River Regional District custodial department operates seven vehicles. None of the comparative districts' custodial departments mentioned above assign vehicles specifically to the custodial departments because these are generally site-based operations. LGBR acknowledges that some of these district vehicles are old, and despite providing staff transportation, might not be saleable.

### **Recommendation:**

**Based on comparisons to other districts, it is recommended the district consider reducing its fleet.**

### **Vehicle Maintenance**

The vehicle maintenance department is a support service unit under the direction of the school business administrator. The department is responsible for maintaining the district's vehicle fleet, which includes buses, vans, trucks, and automobiles. The department also maintains grounds-maintenance and construction equipment, such as tractors, lawn mowers, trimmers, blowers, cement mixers, chain saws, paint mixers, and many other devices.

The department maintained 180 vehicles and 370 pieces of grounds-maintenance and construction equipment, during the 1996-97 school year. Vehicle and equipment maintenance is

held to a high standard to ensure safety for the operators, riders, and external parties. Likewise, proper and routine maintenance assures longer equipment life and reduces operating expenses.

### **Organization and Staffing**

The department consisted of one supervisor, one foreman, one assistant foreman-mechanic, seven mechanics, one welder, one garage attendant, and one secretary, during the 1996-97 school year. Three collective bargaining units represent the workforce.

The supervisor has been with the district for 24 years, and has served in his current position for 12 years. He also serves as the supervisor of the grounds and construction unit of the grounds department. The shift foreman and his assistant have been with the department for 20 years and nine years, respectively.

### **Work Load and Scheduling**

The department operates on a Monday to Friday schedule. The regular work schedule consists of two, eight-hour shifts: 6:00 a.m. to 3:00 p.m.; and 9:00 a.m. to 6:00 p.m. Overtime is limited, except for emergencies and/or other unusual situations, and the supervisor or foreman authorization is required.

### **Functional Areas and Processes**

#### *Supervisor*

The supervisor is responsible for the prioritization of projects, the delegation of work orders, and the department's general management.

#### *Foreman and Assistant Foreman*

The foreman and assistant foreman are responsible for the execution of the daily work activities. They are also responsible for monitoring and maintaining the parts and equipment inventory and ensuring quality control and safety compliance. In addition, they are required, on occasion, to instruct and demonstrate certain repair methods and techniques. The foreman and assistant foreman assist the supervisor in responding to unexpected situations and emergencies.

#### *Mechanics*

The mechanics handle most of the work assignments except for those projects that are either too large or require a specialty trade that the department cannot provide, e.g., a large vehicle body-repair or paint job. Outsourcing is limited, given the level of in-house expertise. The staff are certified or licensed in over 25 automotive skills.

Work assignments are generated from preventive maintenance schedules or work request orders, inclusive of all the vehicles and equipment. The jobs are scheduled to accommodate routine maintenance as well as unexpected situations. Priority is given to those buses requiring emergency repairs or in situations when there are no spare buses available. Pupil transportation is a high priority and the vehicles are subject to quarterly on-site state inspections as well as the other requirements of state statute (N.J.S.A. 18A:39-1 to 18A:39-25) and code (N.J.A.C. 6:21-1.1 to 6:21-19.5).

#### *Secretary*

The secretary is responsible for all office-related duties in the department and serves as operational support to the supervisor, foreman, and assistant foreman.

The secretary uses a personal computer (PC) to prepare and maintain most of the department's schedules and reports. The district provides PC training at its technology lab. The district's data processing department is responsible for the PC maintenance and will be reviewing the computer technology needs of the vehicle maintenance department in the 2000-01 school year. The data processing department also provides system design, development, and implementation assistance through the data processing department, for larger computer-based projects.

#### **Recommendation:**

**The LGBR team suggests that the district introduce as many office automation applications to the department as practical. This will allow for greater efficiency by decreasing the time it takes to prepare reports, logs, and other office routines. Automation should be planned in consultation with the district's technology department or in cooperation with automation specialists who will know the most feasible and economical ways to proceed.**

#### **Productivity and Financial Analysis**

The department's aggregate employee position cost for the 1996-97 school year was \$794,068. This included 14 staff members. One fuel attendant has retired and was not replaced. Subsequently the district removed its fuel pumps, and now purchases gasoline from a retailer. The staff has been reduced by two mechanics over the past five years, due to budget constraints. Presently, there are no plans to replace these employees.

The department completed 720 preventive maintenance jobs. "These are scheduled four times a year" during the 1996-97 school year. In addition, 4,680 other-than-scheduled work orders were finished on the vehicle fleet. Likewise, 5,500 work orders were done on the grounds-maintenance and construction equipment.

#### **Recommendation:**

**LGBR urges the district to discuss with private companies the costs of a fleet management program and to compare their projected costs to actual district costs. It is critical that all cost factors, in both district and private sector calculations, be factored in to ensure that an accurate comparison has been made.**

#### **Toms River Food Services**

The Toms River Regional Schools provide a comprehensive food service program. LGBR visited all school cafeterias, interviewed the district's food service director, and reviewed records pertinent to the program.

The Toms River Board of Education receives state and federal reimbursement for food service costs and collects fees from students for their meals. Therefore, the food service operation is reported as an enterprise fund. These funds are used to account for operations that are financed and conducted in a manner similar to private business enterprise with the intent that the costs of providing goods or services be financed through user charges.

### **Scope of the Program**

Toms River's food service provides lunch at all the schools in the district. The Toms River High Schools have a tradition of "open lunches," whereby students may leave the campus for lunch.

Breakfast programs operate at Toms River High School South and at the Washington Street School.

LGBR's visits to school cafeteria and food serving facilities found them to be clean, with a staff working cooperatively. The district hires its own staff of 103 food service workers, who work various hourly totals per week, with a maximum of 25 hours. None of these individuals receives health benefits. In addition, there are six full-time food service managers. The program is managed by a full-time director, who, in the past, served as the assistant director. The two positions were combined in an economy move.

### **Program Details**

The program bids prices for milk, bread, ice cream, soap, cash registers, and repairs. Pizza is a major source of profit and is delivered by an outside vendor; a franchisee of a national pizza company. As of the 1998-99 school year, lunch prices had increased only 10 cents in the past eight years. Current prices are: \$1.50 for secondary students, and \$1.40 for elementary students. Milk purchased individually costs 35 cents. These prices are all below state maximum limits.

During the 1998-99 school year, the district opened the Café @ 1144, a luncheonette located in the central administration building on Hooper Avenue. Breakfast, lunch, and catering services are available to the public. The program was initiated in response to requests from commercial tenants in the Hooper Avenue building. Early operations are producing a modest profit. All profits from the Café will go toward the acquisition of instructional technology.

During the 1997-98 school year the district served 770,215 meals. Of that total, 226,727 were free lunches, 51,249 were reduced price lunches, and 492,239 were full price lunches.

In the past few years the district administration has quickly and substantially reduced the board of education subsidy to the food service budget.

LGBR agrees with the board of education's goal to reduce and ultimately eliminate the enterprise fund subsidy. Based on 1997-98 revenues and expenses, the program lost three cents per meal served. The board's approach to ending enterprise fund subsidies primarily by introducing high profit and popular food items is working.

The food services program's actual subsidized per pupil cost for school year 1997-98, as presented in the New Jersey Department of Education March, 1999 Cost of Education Index, was

the lowest of the four comparison districts and ranked in the 1<sup>st</sup> percentile of all 84 K-12 school districts with more than 3,500 students.

#### **FOOD SERVICES SUBSIDIZATION**

<b>District/Other Area</b>	<b>Cost-per-Student</b>
Toms River Regional	\$1
New Jersey Average	\$25
Ocean County Average	\$3
All state K-12 districts	\$25

The low cost of subsidies to this program is a direct result of district efforts to reduce expenditures in this area:

<b>Fiscal Year</b>	<b>Board Subsidy to Enterprise Fund</b>	<b>Net Program Loss</b>
1996	\$100,000	(\$47,000)
1997	\$100,000	(\$15,303)
1998	\$15,303	(\$9,789).

#### **Vending Machines**

The district does not utilize beverage and snack vending machines in its food service program even though this is a potential revenue generating mechanism for the enterprise fund. The machines are often supplied at no cost by distributors, and when stocked with products approved by the bureau of child nutrition programs, districts increase revenues by an average of \$.10 per child per day.

Additional profits result when facility rental users have access to the machines. Based on the district's average daily attendance rate of 7,585 at the intermediate and high schools, the district can increase revenues by an estimated \$136,530, earning an estimated profit of \$47,785. We believe this to be a conservative number as the district may choose to place vending machines in the elementary schools for use during evening and weekend facility rental events. Revenues will also vary depending on the product marketing and selection. The district should select products that are nutritionally sound. Perhaps the choices should be made in conjunction with student advice regarding appeal and menu generation.

#### **Recommendation:**

**LGBR recommends that the district consider installation of vending machines for an annual revenue enhancement of \$47,785.**

**Revenue Enhancement: \$47,785**

#### **SECURITY**

The security department is a support service unit under the direction of the school business administrator. The department is responsible for administering all security- related procedures and programs throughout the district. The staff is primarily stationed at the three high schools,

the transportation complex, and the maintenance yard. Security guards may be dispatched as needed to any location within the district. The overall mission of the department is to ensure the safety and security of all students, employees, and district-owned property.

### **Organization and Staffing**

The department consists of a director who oversees 22 full-time and five part-time security guards. Clerical support is provided occasionally by a former secretary who is presently assigned to the technology lab office. Two collective bargaining units represent the workforce: the Toms River Educational Support Services Supervisors Association; and the Custodians, Grounds and Security Association.

The director has been with the department for 22 years and has served in this capacity since first employed by the district. A number of the security guards have service with the district for many years.

### **Work Load and Scheduling**

The department operates under a “flex work schedule.” The flex schedule was adopted in an effort to reduce overtime and ensure adequate coverage; it provides for coverage seven days a week.

Shifts are assigned based on employee seniority and availability. Overtime is limited to holidays and emergencies or other unexpected occurrences. The director’s authorization for overtime is required. Full-time staff members are assigned to permanent work schedules, and the part-time guards are assigned as needed.

### **Functional Areas and Processes**

#### *Coverage*

The security department maintains the district facilities under the following coverage schedule:

<b>Security Service Coverage</b>					
<b>Facility</b>	<b>Shift 1</b>	<b>Shift 2</b>	<b>Shift 3</b>	<b>Weekends</b>	<b>Total</b>
High School North	3	2	1		6
High School South	3	2	1		6
High School East	3	2	1		6
Transportation Complex		1	1	2	4
Maintenance Yard	1	1	1	2	5
<b>Total</b>					<b>27</b>

#### *Security Guards*

The security guards are expected to maintain a constant foot patrol and perform regular checks of their assigned posts. This involves securing all buildings at the end of the school day, preventing trespassing on board of education property, and reporting any damage or acts of vandalism to district property. Other responsibilities include assisting with the parking of vehicles, school crossings, and general traffic control.

The high schools are given the highest level of security coverage due to the number of students and the likelihood of more incidents occurring at these locations. The security guards, however, are responsible for responding to all calls at any location within the district. All district buildings are equipped with fire and intrusion devices and are monitored by a private central monitoring security firm. There are two vehicles assigned to the security department, each with a two-way radio device, and all guards are equipped with hand-held radios. Hence, the security staff can communicate with one another at all times.

#### *Security Director*

The security director is responsible for the administrative functions of the department, which include: investigating incidents; hiring, supervising, and training staff; developing and implementing security policies and procedures; and working closely with local authorities on behalf of the district.

#### *Office Functions and Document Reporting*

With occasional assistance from one of the guards, the director generally handles the clerical work formerly performed by his secretary. Most of the reporting functions are time-consuming since they are performed manually and are not in standardized format.

The district provides PC training at its technology lab. This extensive and ongoing initiative has been successful in providing assistance and motivation to the faculty and staff to redirect their efforts to automate manual applications wherever practical. The district's data processing department also provides system design, development, and implementation assistance through the data processing department for larger computer-based projects.

#### **Recommendations:**

**The LGBR team suggests that the district explore automation applications in its security functions.**

**The LGBR team suggests that the district consider assigning clerical assistance to the security department so as to free the security department administration to address security issues full-time.**

#### **Incident Reporting**

All incidents are investigated and recorded in the daily activity report. They are also reported to district and municipal officials as necessary. An incident report must be completed by the security guard(s) on duty and filed immediately with the director of security. Likewise, an annual report of vandalism, violence, and substance abuse is filed with the county superintendent's office.

The district is reviewing security in light of recent school violence incidents nationally. It appears the administration is proceeding thoughtfully in developing its security program by examining additional technology and the best use of staff. The district seems to have a fine working relationship with the constituent municipal police department.

**Productivity and Financial Analysis**

The aggregate employee position cost for the 31-member security department in the 1996-97 school year was \$957,353. The security staff has since been reduced to 28 employees due to attrition. This has reduced annual salary expenses by an estimated \$92,650. This was accomplished primarily by utilizing the “flex work schedule” to its full potential as well as replacing full-time employees with part-time guards. Additionally, two employees were transferred to another department and their positions were not filled.

**Training and Qualifications**

Individuals who wish to be hired as security guards must be in good physical condition and pass a criminal history background check before being considered for employment. Once hired, all security guards must participate in a training program provided by the district. This training encompasses traffic control and remote radio usage, including communications skills that enable the security guards to effectively dispatch from within the district, as well as to inform local authorities of incidents.

After successful completion of the training program, the new guards are given their assignments and work schedules. Additional training is provided as new equipment and security procedures are introduced into the department.

### III. COLLECTIVE BARGAINING ISSUES

Throughout this report LGBR has identified opportunities for cost savings. Certain of these cost savings are qualified as “potential” because they would require negotiation of a change of terms in one or more of the nine collective bargaining agreements entered into by the district.

The team reviewed the district’s labor contracts for the three school years 1996-97 through 1998-99. This section of the report brings together by topic all potential or negotiated cost savings together with those that may require negotiation under the advice of counsel.

#### **Athletic and Other Extracurricular Activities, Expenditures**

When analyzing expenditures for the athletic and other extracurricular activities of school districts, the number of grade levels in each is relevant to the discussion; the following illustrates that comparison.

<b>Grade Levels of Comparison School Districts 1996-97 School Year</b>					
<b>Grade Level</b>	<b>Toms River Regional Schools</b>	<b>Brick Township</b>	<b>Edison Township</b>	<b>Hamilton Township</b>	<b>Woodbridge Township</b>
Elementary	11	8	11	17	16
Intermediate	2	2	4	3	5
High School	3	2	2	3	3

The following table illustrates the levels of athletic competition and the number of teams competing. This information was provided to the LGBR team by the districts’ athletic directors and acts as a relevant companion to the foregoing information.

<b>Interscholastic Sports Levels and Participating Teams 1996-97 School Year</b>					
<b>Interscholastic Sports Level</b>	<b>Toms River Regional Schools</b>	<b>Brick Township</b>	<b>Edison Township</b>	<b>Hamilton Township</b>	<b>Woodbridge Township</b>
H/S Varsity	27 – 80*	24 – 28	20 – 20	21 – 63	17 – 51
H/S JR Varsity	15 – 40	13 – 16	13 – 13	9 – 27	10 – 30
H/S Freshman	9 – 21	9 – 18	13 – 13	8 – 24	7 – 21
Intermediate	12 – 12	9 – 18	0 – 0	0 – 0	0 – 0

\*NOTE: The first number indicates the number of sports involved at that level. The second number designates the total number of teams at that level. For instance, Toms River Regional Schools had 80 varsity teams playing in 27 different sports in its high school in the 1996-97 school year.

According to the Department of Education’s March, 1999 Comparative Spending Guide, the Toms River Regional Schools ranked 4<sup>th</sup> highest in spending among the 81 school districts of the same type (K–12/3,501+ students) throughout the state. This comprised all athletic and

extracurricular activities in the state during the 1996-97 school year. The district ranked 7<sup>th</sup> out of 84 such districts during the 1997-98 school year. Tellingly, the Comparative Spending Guide indicates that, of the 85 districts in this category in 1998-99, only four budgeted a larger percentage of per-pupil costs for extracurricular activities than Toms River.

From among the four districts selected for comparison purposes, the Toms River Regional School District had the highest budget percentage expenditures and highest per pupil cost for school-sponsored athletics and extracurricular activities.

The school districts all identified athletic and extracurricular activities expenditures in their June 30, 1997 Comprehensive Annual Financial Reports (CAFRs), however, the method of reporting varies. The detailed expenditures prepared by the Toms River Regional Schools contain cost components that are not typically found in the comparison district reports.

Despite reporting differences among the districts, salaries consistently comprise the bulk of expenditures in this area. The LGBR team therefore looked at the number of sports offered, the teams being coached, and the stipends paid. These components help to identify the reasons for the varying salary expenditures.

<b>Athletics and Co-Curricular Activities Expenditures 1996-97 School Year</b>					
<b>Category</b>	<b>Toms River Regional Schools</b>	<b>Brick Township</b>	<b>Edison Township</b>	<b>Hamilton Township</b>	<b>Woodbridge Township</b>
Salaries	\$2,190,943	\$742,475	\$819,358	\$1,007,339	\$791,635
Services Purchased	16,743	120,554	10,000	N/A	141,258
Maintenance	71,582	N/A	N/A	N/A	N/A
Rentals	50,842	N/A	N/A	N/A	N/A
Insurance	154,285	N/A	N/A	N/A	N/A
Travel	17,893	N/A	N/A	N/A	N/A
Supplies and Materials	437,771	332,857	211,935	N/A	155,998
Other	52,089	51,877	N/A	329,355	36,529
<b>Total</b>	<b>\$2,992,148</b>	<b>\$1,247,763</b>	<b>\$1,041,293</b>	<b>\$1,336,694</b>	<b>\$1,125,420</b>
Aggregate Athletics Activity Cost	\$2,322,763	\$1,114,401	674,373	\$947,221	\$753,629
Aggregate Extracurricular Activity Cost	669,386	133,362	366,920	389,473	371,791
<b>Total</b>	<b>\$2,992,149</b>	<b>\$1,247,763</b>	<b>\$1,041,293</b>	<b>\$1,336,694</b>	<b>\$1,125,420</b>
<b>Student Population</b>					
Per-pupil cost	\$197	\$134	\$92	\$123	\$108
Percentage of Budget	2.9%	2.1%	1.3%	1.7%	1.4%

Sources: School districts' 1997 CAFRs  
Note: N/A (not available from source documents)

The following information regarding stipends was obtained from each district's applicable negotiated agreement. From a random sampling of 11 high school athletic and extracurricular stipends, the Toms River Regional Schools provided the highest payment for seven of the samples. In addition, for 1996-97 school year, intermediate school intramural sports coaches received a \$32.80/hour stipend with no annual maximum "not to exceed" figure.

By comparison, the Edison Township School District paid its coaches \$535 per intramural sport; Hamilton Township paid between \$2,575 and \$2,785 per year; and Woodbridge Township paid \$17.30 per hour with no annual maximum "not to exceed" figure. The Brick Township School District Board Secretary/Business Administrator declined comment about its stipend schedule.

### *Conclusion*

The factors identified as those contributing to the higher cost of athletics and extracurricular activities in the Toms River Regional Schools include: the differences in reporting among the districts; the number of sports teams offered (153), each of which requires a paid coaching staff; and the higher stipends paid by Toms River to coaches and staff members serving as club sponsors.

The LGBR team is aware that the extracurricular programs offered by any school district reflect deep-seated community values and student interests. Nevertheless, the Toms River Regional Schools' extensive extracurricular programs result in significant costs. The district administrators and local residents, therefore, should be aware that certain components such as extracurricular stipends may offer opportunities for cost savings.

### **Recommendation:**

**The LGBR team suggests that the district negotiate the following through the collective bargaining process:**

- **Take steps to keep pre-season stipends for athletics and extracurricular activity expenditures from further outpacing districts of comparable size and factor grouping.**
- **Establish a specific per season or per game stipend for intramural sports where practical or, alternatively, establish a cap on the hourly stipend.**

### **District Buy Back of Unused Leave Days**

Sick leave, varying from 10 to 12 days per year, is provided by contract for permanent full-time employees under each of the nine collective negotiations agreements. The aggregate value of this benefit during the 1996-97 school year was \$3,812,000. Compensation at retirement for unused sick leave is addressed below.

Sick leave compensation, including the "buy back" of unused sick leave at the time of retirement, is provided for permanent employees of the Toms River Regional School District in each of the

nine collective bargaining agreements and also in individual contracts held by the superintendent and the four assistant superintendents. There are nine collective negotiated agreements in effect in the district:

- Administrative and Supervisory Council
- Toms River Bus Drivers Association
- Toms River Head Custodians and Cafeteria Managers
- Cafeteria Workers Association
- Custodians, Grounds and Security Association
- Toms River Education Association
- Toms River Educational Support Services Supervisors Association
- Toms River Educational Support Services Supervisors and Affiliates Association
- Teamsters Local #97 of the N.J.I.B.T.W.

All nine collective bargaining agreements provide for the accumulation of sick leave and for a lump sum payment of unused sick leave at the time of retirement. With the exception of the Toms River Educational Support Services Supervisors Association, payment of this benefit in each case is conditioned upon the completion of a minimum number of years of service in the district. All nine negotiated agreements apportion the amount of this benefit at the time of retirement based on either fixed per diem rates or an individual per diem salary rate. Six of the nine agreements cap lump sum payments at a fixed dollar amount, which currently varies from \$3,000 to \$15,000. The remaining three agreements, the Administrative and Supervisory Council, the Toms River Education Association, and the Toms River Educational Support Services Supervisors Association, cap lump sum payments based on the number of compensable days, rather than a fixed dollar figure. Under the “compensable days” cap provided for in these latter three agreements, the amount of this benefit can exceed \$15,000.

Payment of lump sum sick leave benefits under the individual contracts held by the superintendent and the four assistant superintendents varies from the collective bargaining agreements. From among these contracts, the following provisions significantly increase the district’s exposure for payment of unused sick leave:

- pre-payment of a portion of unused sick leave, that is, payment of unused sick leave prior to retirement;
- pre-payment of sick leave on an annual basis for a fixed term during the time of employment; and
- payment for more than 250 days of accumulated sick leave upon “retirement, transfer or severance” with no monetary cap figure.

LGBR reviews these provisions in light of the maximum \$15,000 sick leave cap provided state employees at retirement after a fixed number of years’ service. LGBR believes that all sick leave buy backs, whether negotiated individually or collectively, should be payable at the time of retirement only and should be subject to a fixed dollar cap.

Beginning in the 1991-92 school year, the district offered incentives in the repurchase of unused sick days to encourage certified staff members at the top of the salary guide to retire. These

incentives included lump sum sick leave payments beyond the contractual amount. Incentive “buy backs” of unused leave days are not unique to the Toms River Regional School District.

The district administration feels that its current buy back provisions serve district taxpayers well. It sees them as a retirement incentive to veteran teachers who are generally replaced by much less senior, and therefore less expensive, staff. LGBR recognizes and encourages sound fiscal policies such as replacing retirees with less costly staff when possible. However, as stated above, sick leave buy backs should be payable at the time of retirement only and should be subject to a reasonable fixed dollar cap.

**Recommendation:**

**It is recommended that the district negotiate limits on sick leave buy backs that follow those in effect in New Jersey state government. In negotiating all future contracts, on both the collective and individual levels, the board should hold all district employees to the state system cap of a one-time lump sum payment not to exceed \$15,000 for unused sick leave upon retirement only.**

Personal Leave

Permanent full-time employees receive three personal days each year. The only exceptions are five employees assigned to the superintendent’s office who are entitled to five personal days each year but are not governed by any of the nine labor agreements. At retirement, district employees receive a payment for accrued personal leave in accordance with their relative negotiating agreement. The aggregate value of this benefit during the 1996-97 school year was \$1,082,000.

Under eight of the nine negotiated agreements, personal leave days, designed for staff leave other than illness, are currently credited to the employee’s sick leave bank if unused each year. These two leave categories have different purposes and, therefore, LGBR recommends that the district negotiate an end to this rollover practice.

**Recommendation:**

**The district should negotiate to eliminate the current contractual provisions allowing for unused personal leave days to be credited to any other category of leave time. Personal leave days, awarded on an annual basis, should be rescinded annually, without payment or transfer, when not used.**

Vacation Leave

Vacation leave is provided to permanent full-time employees. Non-instructional staff on 12-month contract receive paid vacation time in addition to school year vacations. Collective negotiation agreements provide for 10 to 20 non-cumulative vacation days. The aggregate value of this benefit during the 1996-97 school year was \$1,653,000.

**Recommendation:**

**LGBR believes that limits should be established for payment for unused vacation days. Using the state model, no more than one year's vacation leave could be carried over into a new calendar year. No interim buy backs would be allowed during the time of employment. A maximum of 25 unused vacation days could be accumulated after 20 years employment for payment upon end of service.**

### **Boiler Licenses**

It is LGBR's position that, where licensing is a condition of employment, licensed employees should not receive additional compensation for holding the required license.

#### *Toms River Head Custodians and Cafeteria Managers*

Article 17A of the district's agreement with the Toms River Head Custodians and Cafeteria Managers requires any head custodians appointed after July 1, 1997 to possess a current Fireman's Black Seal License or to obtain one within one year from the date of appointment. Failure to obtain a Fireman's Black Seal License within the stated time frame "will result in the forfeiture of . . . appointment to the position of head custodian."

17B. "Any head custodian currently employed who holds a currenr (sic) Fireman's Black Seal License, . . . will be paid an extra five hundred (\$500) dollars per year which will be included in the base salary."

### **Toms River Education Association President, Contract Option**

A review of the Toms River Education Association negotiated agreement highlighted a full-year release time clause under which the board authorizes payment of salary to the education association president to conduct education association business. LGBR recognizes the district's authority to provide annually renewable full-year release time to the association president or his/her designee, and is aware of the importance of maintaining good labor relations. However, LGBR questions the expenditure of district funds for the performance of education association duties.

#### *Toms River Education Association*

Article 5.J. "If the Association President or his designee is a teacher, he shall be assigned on the basis of a four period block teaching day and shall be released from all non-teaching duties. "At the option of the association, the president or his/her designee shall be released from all teaching and non-teaching duties for the full year with the board paying ½ year's salary and continuing all benefits."

The association has selected the latter option.

### **Recommendation:**

**The board should negotiate elimination of the full release time clause currently in effect for the Toms River Education Association president or his/her designee.**

**Potential Cost Savings: \$35,800**

### **Twelve-Month Librarian Appointment**

With the exception of Toms River High School East, where summer school is held, all library-media specialists work a 10-month contract. Toms River High School East has a 12-month library-media specialist in order to provide coverage for summer school classes held at that site. This is the only 12-month professional library-media position in the district.

### **Recommendation:**

**Recognizing the need to keep an on-site library open for use during summer school, LGBR recommends that the summer librarian's position be paid on the same basis as district summer school teachers. That is, the library position would be offered as a 10-month contract, with the district offering a five-week summer school stipend as it does for any other summer school position.**

**Potential Cost Savings: \$3,720**

### **Health Insurance**

#### Cost Containment: Alternative A-Enrollment in the State Health Benefits Plan

In its agreement all new Toms River Regional School District employees must be enrolled in the point-of-service program and single coverage for the first three years of service. Local Government Budget Review believes that this approach, while generating savings, will not contain costs over a long period of time. In order to moderate significant expenses, the district needs to induce more staff to switch to a managed care environment. In the state's health benefits plan, the district could save approximately \$900,000 by charging for other-than-single coverage.

The district should also negotiate a 20% other-than-single co-pay for all of its employees in order to share the costs of health benefits with its employees for additional savings of \$900,000. The combination of moving to the state health benefits plan and negotiating a 20% other-than-single co-pay would result in almost \$2,000,000 in total savings in the 1999-00 school year. Some of these changes would have to be negotiated.

### **Recommendation:**

**The district should negotiate a 20% other-than-single co-pay with its employees.**

**Potential Cost Savings: \$1,800,000**

#### Cost Containment: Alternative B-Health Insurance in the Private Sector

The district also has an opportunity to save money by staying with a private plan through plan design changes and premium cost-sharing. In fact, the savings can be even larger than those possible by changing to the state plan, but would require negotiation with the employee associations.

When the district is not in the state's health benefits plan and offers private sector plans, the district has the option to charge the cost difference between a lower cost “benchmark” plan and more expensive plan options which might be part of the district's total plan. This can significantly lower the costs of health care to the district by shifting a portion of the costs from the district to the employee.

Based on existing rates, the Toms River Regional School District could theoretically save as much as \$3,000,000 by using the managed care plan rates as the district's benchmark. The LGBR team is hesitant to credit this amount as savings because the rates for plans will change significantly when changes are implemented. A conservative estimate of \$1,500,000 to \$2,000,000 in savings seems achievable.

**Recommendation:**

**The district should negotiate and use a managed care plan as the benchmark plan for cost sharing. If an employee chooses a more expensive option the employee should be required to pay the difference in plan costs.**

**Potential Cost Savings: \$1,500,000 - \$2,000,000**

Also, if the district were to charge a 20% premium share for other-than-single coverage, the amount of savings would be between \$869,000 - \$1,173,000. The total savings varies because combining major plan design changes makes it difficult to add together, but the district could save significantly by combining plan design changes with premium-sharing options.

**Recommendation:**

**The district should also negotiate a 20% other-than-single coverage co-pay with its employees.**

**Potential Cost Savings: \$869,000 - \$1,173,000**

The district should also investigate several health care providers if it chooses to continue coverage with a private health care provider. After careful review of both the network discounts and the networks themselves, there could be opportunities to save an additional 3% - 5% of the district's annual premium cost, or \$322,740 - \$537,900 by changing plan providers.

**Recommendation:**

**The district and its broker should consider changing health care providers after carefully studying whether larger networks and network discounts would benefit the district. It is estimated that the district could save approximately \$322,740 - \$537,900 in other networks.**

**Potential Cost Savings: \$322,740 - \$537,900**

Another money-saving method that the district could employ is to negotiate changes in plan premium rating methodology, i.e., deductibles and co-payments. If the district changed to a

minimum premium basis it could cut between 1% - 2%, or as much as \$215,100, from an estimated health care premium of \$10,758,300 for 1999-00.

**Recommendation:**

**The district should consider negotiating changes in its plan premium rating methods.**

**Potential Cost Savings: \$215,000**

The district would also have the opportunity to earn interest on the approximately \$500,000 annual premium refund that it receives because of its premium calculation methodology. If the district were able to earn 5% on the dividend, the district could earn an additional \$20,800 on its funds for payment on a minimum premium basis versus a “bonus” cash payment, without interest, of approximately \$500,000 at the end of the premium year in April.

**Recommendation:**

**The district should consider a minimum premium methodology rather than the current premium calculation methodology.**

**Additional Interest Income: \$20,800**

Plan design changes could result in further savings. The district would receive premium savings of approximately \$345,000 if it raised the deductible from its current \$200/400 level to a \$300/600 level. Also, if the district could negotiate an increase in the maximum out-of-pocket expenses by \$100 and \$200 it would save an additional \$138,000 based upon an assumption that 40% of the employees will reach maximum out-of-pocket expenses.

**Recommendation:**

**The district should negotiate increasing both the deductible and the out-of-pocket expenses for the employees.**

**Potential Cost Savings: \$483,000**

Cost Containment: Prescriptions

The health care broker, the pharmacy administrator and the Toms River Board of Education should be commended for curtailing the costs of the prescription plan at the district. They are collectively planning a pharmacy intervention program, which will result in more money saved than a short-term cost management strategy. The district and its partners in health care have decided on several different strategies to employ to ensure proper patient prescription management. This has resulted in no increase in prescription coverage rates, although 15% - 20% increases are common.

The district has hired a separate prescription carrier from its health care company in order to obtain better information about escalating health care costs. This provider is using a third party to work with employees to assess the regimen of medications for the employee’s conditions and

advise the employee of the appropriate course for treatment, within the direction of the employee's physician.

The district plans to place certain medicines whose effectiveness may not justify their cost differential into a third co-payment category. In this category the patient is permitted to pay for a designated medication, under physician prescription, but at a discount price. This is a three-tier system: generic pricing at \$5 co-pay; brand name at \$10 co-pay; and non-formulary and expensive brand name at a discount price. All therapeutic categories will receive coverage, but some medications will be available only through the discounted price arrangement mentioned above.

#### Other Coverage

The district offers vision care in which 1,939 employees are enrolled. During the 1996-97 school year, the aggregate cost was \$433,008 or \$233 for each participant.

The district's dental plan requires its 1,951 participants to use a dentist from a specific network list. The aggregate plan cost was \$1,273,301 or \$653 for each employee. The district should consider negotiating a 50% co-pay, as is the case in the state coverage.

#### **Recommendation:**

**The district should negotiate a 50% premium co-pay with its employees.**

**Potential Cost Savings: \$636,650**

LGBR urges the Toms River Board of Education to continue to work with its health care broker and employee organizations to find means to contain health care costs. Among items suggested for consideration are plan selection, deductibles, various co-pays, and new features to the prescription plan. Also the district should consider changing how it pays its brokers. Traditionally, the district pays its brokers through a portion of the premium. The district has an option of changing this by paying a risk management fee. This does not result in cost savings, but should provide better information to the board and the public.

#### **Recommendation:**

**The district should consider a risk management option for this and its property and casualty insurer.**

#### **IV. SHARED SERVICES**

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery in an effort to highlight shared services already in place and opportunities for their implementation.

The following are examples of services that the Toms River Regional Schools share with other entities. In some instances the arrangements are informal cooperation, in others more formal agreements exist.

- **Athletics**

The Toms River Regional School District and Dover Township reciprocate fee-free use of various athletic facilities.

The Toms River High School East and Toms River High School North Golf teams use Dover Township's Bea Lea Golf Course at no expense to the district. This includes both practice and tournament play.

In addition, Dover Township makes its ice rink available to the ice hockey teams from all three-district high schools. This includes practice time on the ice for each team as well as a full schedule of interscholastic games.

In return for these services, the district allows Dover Township the use of district facilities for township recreational programs, including adult and youth recreational programs, and summer camps. The district also provides fee-free busing for the township's summer camp activities.

The shared use of facilities is arranged based on cooperative scheduling and the availability of facilities.

- **Cooperative Purchasing**

The district engages in cooperative purchasing of a variety of outdoor supplies in conjunction with Ocean County.

- **Grounds Maintenance**

The constituent municipalities help with parking lot sweeping and snow plowing. The district's grounds staff renders assistance to the townships in emergency situations.

APPENDIX 1  
NUMBER OF SPECIAL EDUCATION STUDENTS IN-DISTRICT AND  
OUT-OF-DISTRICT

	School Year 1996-1997	Percent of Total	School Year 1995-1996	Percent of Total	School Year 1994-1995	Percent of Total
<b>In-District</b>						
Special Education Students On Roll Full Time	671	43.8%	681	44.3%	674	44.8%
Total Received Full Time	2	0.1%	6	0.4%	12	0.8%
Resource Room	732	47.8%	736	47.9%	700	46.6%
Total In-District Special Education (unduplicated count)	1,405	91.7%	1,423	92.6%	1,386	92.2%
Speech instruction (included within totals above)	1,096	N/A	1,450	N/A	1,233	N/A
<b>Out of District</b>						
Total Sent Out Of District Full Time	29	1.9%	36	2.3%	32	2.1%
Total Sent To Private Schools	83	5.4%	63	4.1%	69	4.6%
Regional Day School	15	1.0%	15	0.9%	17	1.1%
Total Out-Of-District Special Education	127	8.3%	113	7.4%	118	7.8%
<b>Total</b>						
Special Education (unduplicated count)	1,532	100.0%	1,536	100.0%	1,504	100.0%

APPENDIX 2  
ANALYSIS SPECIAL EDUCATION EXPENDITURES  
(1993-1994 THROUGH 1996-1997)

Row	Category	1996-1997			1995-1996			1994-1995			1993-1994	
		Amount Of			Amount Of			Amount Of			Amount Of	
		Increase	Percent		Increase	Percent		Increase	Percent		Increase	Percent
		(Decrease)	Increase		(Decrease)	Increase		(Decrease)	Increase		(Decrease)	Increase
		From Prior	or De crease		From Prior	or De crease (-)		From Prior	or De crease (-)		From Prior	or De crease (-)
		Actual	Year		Actual	Year		Actual	Year		Actual	Year
	<b>Current Expense SE</b>										N/A	N/A
A	COMBINED SE CATEGORIES	6,035,985	1,177,111	24.2%	4,858,874	6,996	0.1%	4,851,878	231,491	5.0%	4,620,387	
B	SUPPLEMENTARY INST	55,818	2,862	5.4%	52,956	2,421	4.8%	50,535	12,269	32.1%	38,266	
C	SPEECH	755,187	14,769	2.0%	740,418	56,906	8.3%	683,512	(13,027)	(-1.9%)	696,539	
D	HOME INST	306,501	74,455	32.1%	232,046	(6,805)	(-2.8%)	238,851	29,845	14.3%	209,006	
E	EXTROD SER	725,458	(678,056)	(-48.3%) (1)	1,403,514	(2,079,256)	(-59.7%) (1)	3,482,770	237,665	7.3%	3,245,105	
F	TOTAL	7,878,949	591,141	8.1%	7,287,808	(2,019,738)	(-21.7%)	9,307,546	498,243	5.7%	8,809,303	
	<b>Undistributed Expenses</b>											
G	Instruction											
H	Tuition W/in state Regular	0	(4,805)	(-100.0%)	4,805	(173,375)	(-97.3%)	178,180	176,938	14246.2%	1,242	
I	Tuition W/in state Special	437,200	183,251	72.2%	253,949	253,949	N/A	0	0	N/A		
J	Tuition regional day school	0	(342,005)	(-100.0%)	342,005	342,005	N/A	0	(104,868)	(-100.0%)	104,868	
K	Tuition Cty Voc Schools	10,025	10,025	N/A	0	0	N/A	0	(19,000)	N/A	19,000	
L	Tuition Cty Special Service	336,049	336,049	N/A	0	(292,796)	N/A	292,796	(201,736)	N/A	494,532	
M	Tuition Priv. Sch Handicap. & other LEA out of state	2,468,363	(27,146)	(-1.1%)	2,495,509	291,791	13.2%	2,203,718	36,048	1.7%	2,167,670	
N	Tuition State Facilities	228,558	(6,999)	(-3.0%)	235,557	11,700	5.2%	223,857	(227,704)	(-50.4%)	451,561	
O	Tuition Other	299,276	16,053	5.7%	283,223	12,587	4.7%	270,636	253,643	1492.6%	16,993	
P	Total Undist. Exp. Instruc.	3,779,471	164,423	4.5%	3,615,048	445,861	14.1%	3,169,187	(86,679)	(-2.7%)	3,255,866	
Q	<b>Total Current Expense &amp; Undistributed</b>	11,658,420	755,564	6.9%	10,902,856	(1,573,877)	(-12.6%)	12,476,733	411,564	3.4%	12,065,169	

(1) These reductions are due to GAAP accounting changes. These funds were properly charged to "Other Support Students-Special" which is outside the special education Account categories.



## **LOCAL GOVERNMENT BUDGET REVIEW TEAM**

Roland M. Machold, State Treasurer  
Peter Lawrance, Deputy State Treasurer  
Robert J. Mahon, Director, Local Government Budget Review

### Toms River Regional School District Review Team

David Cole, Educational Team Leader  
Local Government Budget Review Program

Vincent Mastrocola, Local Government Budget Review  
Sharon Pezarras, Government Budget Review  
Elizabeth Anne Whittle, Local Government Budget Review

In consultation with:

Robert Harding, Local Government Budget Review  
Eugene McCarthy, Local Government Budget Review  
Marilyn Rosen, Local Government Budget Review  
Steven M. Sagnip, Local Government Budget Review  
Jim Smith, Local Government Budget Review  
Melissa Vietengruber, Intern, Local Government Budget Review